

# Senate Hearings

*Before the Committee on Appropriations*

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PT. 2  
Department of Defense Appropriation...

## Department of Defense Appropriations

*Fiscal Year 1994*

103<sup>d</sup> CONGRESS, FIRST SESSION

H.R. 3116

**PART 2 (Pages 313-646)**

ENLISTED PERSONNEL ISSUES  
GUARD AND RESERVE PROGRAMS  
HEALTH CARE  
STRATEGIC DEFENSE INITIATIVE ORGANIZATION  
TACTICAL AIRCRAFT PROGRAMS

NOV 26 1993



DEPARTMENT OF DEFENSE APPROPRIATIONS FOR  
FISCAL YEAR 1994

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HEARINGS  
BEFORE A  
SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES SENATE  
ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

**H.R. 3116**

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1994, AND FOR  
OTHER PURPOSES

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**PART 2 (Pages 313-646)**

**Enlisted Personnel Issues  
Guard and Reserve Programs  
Health Care  
Strategic Defense Initiative  
Tactical Aircraft Programs**

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# DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1994

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TUESDAY, MAY 4, 1993

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Sasser, Harkin, Cochran, Specter, and Domenici.

## DEPARTMENT OF DEFENSE

### STRATEGIC DEFENSE INITIATIVE

STATEMENT OF MAJ. GEN. MALCOM R. O'NEILL, U.S. ARMY, ACTING DIRECTOR, STRATEGIC DEFENSE INITIATIVE

ACCOMPANIED BY DR. EDWARD T. GERRY, DEPUTY DIRECTOR (ACTING), STRATEGIC DEFENSE INITIATIVE

#### OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. This morning we will consider DOD's fiscal year 1994 request for the SDI, Strategic Defense Initiative Organization, and we will receive testimony from Maj. Gen. Malcom R. O'Neill, the Acting Director of the Strategic Defense Initiative Organization.

SDI represents the largest single research and development program in the DOD budget. The SDI program has been the subject of extensive debate in the Congress because of concerns about cost and the pace of the program. Proposals to base weapons in space and potential conflicts with the ABM Treaty have also generated concern.

#### FUNDING

The President is requesting \$3.8 billion for the theater and national missile defense program as managed by SDI. In constant dollars, the SDI budget request represents a small real decrease compared to the \$3.7 billion provided in fiscal year 1993.

Under proposals developed by the Bush administration, SDI budget plans call for fiscal year 1994 spending of \$6.3 billion. Within the SDI budget request, the Department of Defense has established development of theater missile defenses [TMD] as SDI's top priority. The budget request provides \$1.8 billion for the develop-

ment of several theater defense systems. The budget request represents over 60 percent real growth in these programs.

National missile defense and follow-on technology development programs come after TMD and SDI's priority list. The fiscal year 1994 budget request allocates \$1.2 billion to develop a limited defense system to defend the continental United States from ICBM's.

General O'Neill's prepared testimony indicates that development of national missile defenses originally planned to begin around the year 2004 is now contingent on increased levels of outyear funding for SDI. After recent hearings and field visits which highlighted the sacrifices that have already been made by our troops, it is difficult for me to envision increased funding allocations for SDI.

#### BRILLIANT PEBBLES

One controversy facing SDI is Brilliant Pebbles for which \$73 million is requested in fiscal year 1994. Many ask why should the Department of Defense spend any money on Brilliant Pebbles until DOD has gained experience with the missile defense currently in development and has resolved issues regarding antiballistic missile compliance.

Indeed, ABM Treaty compliance is a matter of some consequence as both theater and national missile defense systems mature and enter full-scale development and testing. The respective programs may increasingly come into conflict with the ABM Treaty's restrictions on development, testing, and deployment of ballistic missile defenses.

And so, General O'Neill, we look forward to discussing your views on these and other issues during the hearing this morning. As you know, your full statement has been received and has been made part of the record.

So it is your show, sir.

General O'NEILL. Thank you Mr. Chairman and members of the committee. It is an honor to be here as Acting SDIO Director to testify on the Department's ballistic missile programs for fiscal year 1994.

#### PRIORITIES

Our fiscal year 1994 program in ballistic missile defense reflects priorities established by Secretary Aspin and is consistent with the basic tenets of the Missile Defense Act of 1991 as amended by the fiscal year 1993 national defense authorization and appropriations acts.

The SDIO proposed program emphasizes acquisition of improved theater missile defense as a first priority. The development program for a limited national missile defense, or NMD capability, is our second priority. The space-based interceptor program has been recast from an acquisition to a technology-based program and funding reduced significantly from previous plans.

Our fiscal year 1994 effort keeps theater missile defenses on the schedule demanded by the threat and endorsed in the fiscal year 1993 National Defense Authorization Act conference report. It slips the option for deployment of a limited national defense capability from 2002 to no sooner than 2004, and preserves options for poten-



tial adjustments that may flow from Secretary Aspin's strategy and policy review.

#### SDI DIRECTION

Sir, I would like to refer to this handout that I have provided to you and the committee and walk you through this handout. The second chart is a comment from Jim Woolsey, the Director of Central Intelligence, which suggests that the threat is maturing within our acquisition timeframe and, in fact, potentially even earlier.

The third page has two comments from potential adversaries which suggest that they want missile capability. The fourth page is a comment from the Russian equivalent of the Director of Central Intelligence, Mr. Primakov, showing his concern for proliferation of weapons of mass destruction.

Page 5 explains the Secretary of Defense's position on ballistic missile defense and emphasizes the top priority he places on theater missile defense.

Page 6 continues the Secretary of Defense's statement and explains the nature of the priority of national missile defense as No. 2, and a lower priority for space-based defenses.

Page 7 is Deputy Secretary of Defense Perry's statement of the priorities including the point, if you note, that both theater missile defense and national missile defense requirements can be met by ground-based interceptors with space-based sensors and warning systems.

Page 8 reflects the SDIO contribution to resolving the four key threats to national security identified by the Secretary of Defense and it emphasizes the SDIO's capabilities to protect forces involved in regional conflicts and our methods of combating weapons of mass destruction.

Page 9 is the formal guidance that we received from the Secretary for fiscal year 1994 which states level funding, roughly level funding for 1994 at the 1993 nominal level. Theater missile defense—priority No. 1. National missile defense—priority No. 2, with a development for deployment no earlier than 2002. And in the space-based defense area, Brilliant Pebbles being reduced to a technology-based program.

The 10th page is the SDIO's response to the Secretary of Defense's guidance and it directly parallels the priorities that he established and establishes various events that respond to those priorities including our maintaining in fiscal year 1996 a user operational evaluation system for the theater high-altitude area defense system, which is the first wide-area theater missile defense system.

Page 11 is the last page of the handout and it is the SDIO budget comparing the fiscal year 1993 appropriation with the fiscal year 1994 request.

And please note, sir, that the space-based interceptor element of the budget has been zeroed and the funds, the residual funds, for Brilliant Pebbles transferred to a program element we now call follow-on technologies, because it contains all of the follow on that we envision. Notice also the large increase in theater missile defense initiative funds and the reduction in funding for the limited defense system.

Mr. Chairman, that completes my oral statement. I am ready for your questions.

[The statement follows:]

STATEMENT OF MAJ. GEN. MALCOLM R. O'NEILL

Thank you, Mr. Chairman and members of the Committee. It is an honor to be here as Acting SDIO Director to testify on the Department's ballistic missile defense (BMD) programs for fiscal year 1994.

Our fiscal year 1994 program reflects priorities established by Secretary Aspin and is consistent with basic tenets of the Missile Defense Act of 1991 as amended by the fiscal year 1993 National Defense Authorization and Appropriations Acts. The SDIO proposed program emphasizes acquisition of improved theater missile defense as a first priority. The development program for a Limited National Defense capability is our second priority. The space-based interceptor program has been recast from an acquisition to a technology base program and funding reduced significantly from previous plans. Our fiscal year 1994 effort keeps theater missile defenses on the schedule demanded by the threat and endorsed in the fiscal year 1993 National Defense Authorization Act conference report. It slips the option for deployment of a limited national missile defense capability from 2002 to no sooner than 2004 and preserves options for potential adjustments that may flow from Secretary Aspin's Strategy and Policy review.

This BMD review is scheduled for completion in late May. It will then be integrated with the broader Department of Defense Bottom-up Review and culminate in the form of new Defense Planning Guidance.

STRATEGIC CONTEXT

In outlining the administration's defense plan, the Secretary of Defense has indicated that the global proliferation of ballistic missile technology and weapons of mass destruction has become one of the most immediate and dangerous threats to U.S. national security in the post Cold War era. Today, more than a dozen countries have ballistic missiles, and more have programs in place to develop them. Many of these missiles could be armed with chemical, biological, and possibly nuclear warheads. Currently, more than 25 countries, many of them hostile to the United States and its allies, may possess or be developing such weapons—so-called weapons of mass destruction.

Today, Third World ballistic missile technologies pose a threat that is largely regional in character. However, the trend is clearly in the direction of systems of increasing range, lethality, and sophistication. According to recent testimony from CIA Director Woolsey, "After the turn of the century, some countries that are hostile to the United States might be able to acquire ballistic missiles that could threaten the continental United States." He went on to state that "over the next ten years we are likely to see several Third World countries at least establish the infrastructure and develop the technical knowledge that is necessary to undertake ICBM and space launch vehicle development." He also warned, however, that such countries could truncate this development period through the acquisition of key production technologies and technical expertise or by covertly purchasing such systems.

The administration is also concerned with the threat posed by the presence of thousands of nuclear, biological, and chemical weapons in the former Soviet Union. The ongoing political and economic turmoil contributes to the possible spread of formerly Soviet weapons and weapons-making knowledge to potentially hostile regimes, while the dramatic political changes could betray weaknesses in Moscow's command and control system for their nuclear forces that neither we nor the Russians could have anticipated.

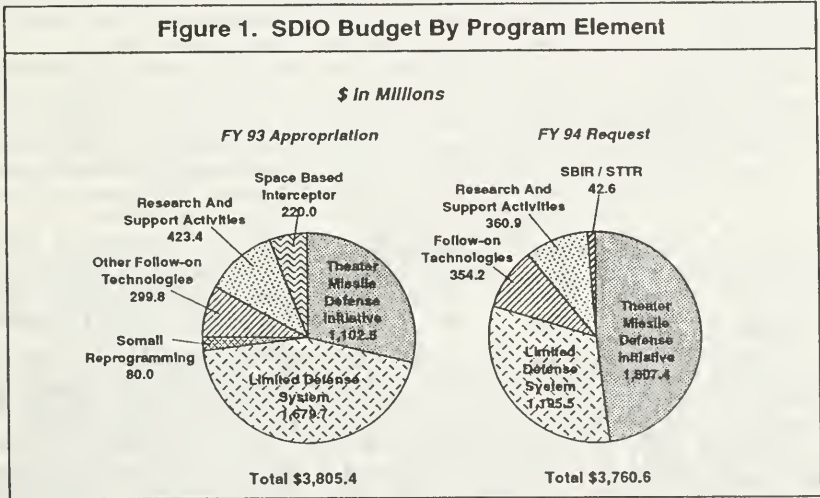
In addition to the threat posed by the proliferation of ballistic missile technology and weapons of mass destruction, Secretary Aspin has spoken of the dangers of regional conflicts, Department's focus on regional conflicts, which have become a principal military concern since the collapse of the Soviet Union. Compounding this danger is the demonstrated likelihood that ballistic missiles will be used in future regional conflicts as they were most recently during the Persian Gulf war where Iraq launched nearly 90 Scuds against Israel and Saudi Arabia.

To address these dangers, the Administration plans to pursue a variety of initiatives. As the Secretary indicated in his testimony on the fiscal year 1994 budget, these include intensified efforts to halt proliferation; efforts to assist denuclearization in the former Soviet Union; maintaining strong nuclear forces for deterrence; and upgraded ballistic missile defenses via a refocused SDI program.

## THEATER MISSILE DEFENSE INITIATIVE (TMDI)

Consistent with the fiscal year 1993 Defense Authorization Conference Report, and as stated in the January 1993 SDI Report to Congress, the Director, SDIO, has been assigned management responsibility for both TMDI and SDI programs so that those activities can be "closely coordinated, including the use of combined or joint funding and management."

The highest program priority is Theater Missile Defense (TMD) in recognition of an existing threat, the Defense Department's focus on regional conflicts, and our experience in Desert Storm. In response to the Secretary's direction, the Missile Defense Act of 1991 (MDA), and fiscal year 1993 congressional guidance, we are developing Theater Missile Defense (TMD) systems to protect U.S. forces deployed abroad and our friends and allies.



The TMD program (see Figure 1) has been expanded in the past year to reflect the transition from research and development to acquisition of TMD systems, and constitutes almost one-half of the budget request for ballistic missile defense. Funding will go from \$1.1 billion appropriated in fiscal year 1993 to \$1.8 billion requested for fiscal year 1994. Dynamics of the tactical/theater missile defense operations require us to develop upper and lower tiers of defenses in order to obtain the very high levels of protection required by the user. Thus, our funding request supports options in both tiers to include missile defense upgrades of existing ground and sea-based air defense systems like Patriot and Aegis and development of new active defense systems like THAAD.

The most important near term focus of the TMDI is the addition of missile defense capability to systems which have already been developed and fielded. By providing a missile defense product improvement, such systems as Patriot, Hawk, and Aegis can become more effective defensive weapons against tactical ballistic missiles in theater. And as the threat of ballistic missile attack in theaters around the world grows, America's sizable former years investment (10's of \$B) in these systems can be made to pay off handsomely by a relatively small additional investment. Already manned with trained, highly motivated technical crews and possessing significant potential for improvements in hardware and software performance, these systems will form the foundation of the first generation of theater missile defenses.

Our approach is to improve and upgrade existing capabilities and also move as quickly as possible to develop advanced wide-area theater missile defenses that could be deployed on a contingency basis in the mid-1990s. Our fundamental system architecture creates an upper-tier TMD system to intercept theater ballistic missiles at high altitudes, far away from intended targets, and a lower-tier system capable of handling short-range missiles that either are not intercepted by the upper tier or underfly the upper tier. In addition, we are also evaluating concepts and technologies to intercept tactical missiles early in their flight. The task of the TMDI is

to acquire only those systems that meet military requirements, are affordable and cost-effective.

For the near-term (fiscal year 1993-95), we have begun efforts to provide a quick-response upgrade to the PAC-2 Patriot System that was used during Desert Storm, improving its range, coverage, and lethality. Upgrades to the Marine Corps Hawk air defense system to give it a limited anti-ballistic missile capability are also programmed. Additional efforts are being made to improve the processing and dissemination of launch detection data.

For the mid-term (fiscal year 1996-99), we propose additional Patriot upgrades that could lead to the PAC-3 configuration, which could include development of an improved version of the Patriot missile, with the ERINT hit-to-kill technology as a possible alternative munition for the Patriot System. Also, a sea-based ballistic missile defense system utilizing Aegis cruisers and destroyers, the Navy's existing Vertical Launching System (VLS), and a modified Standard Missile to defend ports, coastal airfields, and amphibious operations is being evaluated. Advantages of maritime TMD include the ability to arrive early in a crisis and remain on station in international waters in order to deter or frustrate a threatened attack.

Also in the mid-term, and to move beyond the inherent limitations of a lower-tier system, wide-area or upper-tier coverage using the Theater High Altitude Area Defense (THAAD) system (interceptor and TMD-ground based radar) could be added. By way of comparison, the defensive coverage against a Scud-like missile threat afforded by THAAD would be ten times that of the Patriot employed in Desert Storm and four times that of the planned PAC-3 Patriot improvement, and the intercepts would be made much further away from the intended target. The Department is responsive to the Missile-Defense Act mandate for development of advanced TMD systems and the fiscal year 1993 authorization conferees' endorsement of SDIO's THAAD acquisition strategy. A prototype THAAD battery, or user operational evaluation system (UOES), can be provided at the end of the Demonstration and Validation phase as early as 1996 for early operational assessment and possible deployment if a contingency arises. Provision of the UOES is a major thrust and priority of the TMDI program.

In the far-term (fiscal year 2000+) the availability of space-based sensors, such as Brilliant Eyes, for missile tracking can significantly enhance the coverage of both lower and upper tier theater missile defenses, extending the range of THAAD and Navy wide-area interceptors, by providing accurate and early midcourse cueing.

Additional TMD capabilities could be added in the form of the shorter-range Corps SAM, which would be optimized for protection of fast moving, forward elements of the Army and Marine Corps combat force. Boost phase interceptors, which destroy missiles as they leave the launch pad relatively slow and bright, could also potentially be added. Intercepting in the boost phase has the added benefit that those missiles and their payloads could fall on enemy terrain.

#### DEFENSE OF THE UNITED STATES

The National Missile Defense (NMD) program has been modified to reflect a second priority relative to TMD. Fiscal year 1994 funding is established at \$1.2 billion. The bulk of this program is supported under the Limited Defense System Program Element, which constitutes almost one-third of the BMD budget request. Currently, the United States does not have active defenses against limited ballistic missile attacks. The budget submission establishes a program that, by accommodating required supporting technology and structuring a sufficiently robust test program, retains the option of developing for deployment an ABM Treaty-compliant defense of the continental United States in 2004. While the fiscal year 1994 budget request preserves the option to conduct an NMD program with low-to-moderate technical risk, the deployment date is ultimately contingent on increased levels of outyear funding.

The NMD baseline option supports system engineering activities; development of the Ground-Based Interceptor (GBI), the Ground-Based Radar (GBR), a command and control element, a space-based sensor, Brilliant Eyes (partially supported in the TMDI element), and the technology and testing necessary to support system development. Additionally, a key objective of the fiscal year 1994 NMD development strategy is to support essential technology programs to reduce risk in development activities and to hedge against future uncertainties.

Brilliant Eyes is supported in both LDS and TMDI because of its critical support to both elements. For NMD, Brilliant Eyes would provide the essential over the horizon track of incoming RVs which enables early commit of the GBI interceptors to provide full coverage of the continental United States. For TMD, Brilliant Eyes would maximize the defended area of the upper tier interceptors against the longer

range theater threats and would provide a robust alternative source of target track data minimizing the effect of radar countermeasures.

The defensive coverage afforded by an ABM treaty-compliant system will, of course, vary with scenario and architecture. Against long range threats from a generally northerly direction, a single site of ground-based interceptors in North Dakota has the kinematic reach to protect the entire continental United States. This includes coverage against limited strikes from China, the former Soviet Union, including bastion-based submarines, and anywhere in the Middle East. Key to this coverage is the inclusion in the architecture of a sensor system which can provide over-the-horizon track data on the incoming reentry vehicles. This coverage would be provided by the Brilliant Eyes satellite system. In the program presented to Congress in July 1992 responding to the requirement for a mid-decade initial deployment, interim alternatives for this over-the-horizon coverage had to be considered, since the Brilliant Eyes could not be available on this schedule. These included the Ground-based Surveillance and Tracking System (GSTS) and software upgrades to the forward-based early warning radars. However, since the initial deployment has been slipped into the next decade, interim alternatives are no longer necessary. The Administration has yet to make a decision regarding treaty compliance of any of these sensor systems.

As noted by Secretary Aspin in his confirmation hearing before the Senate Armed Services Committee, to obtain full coverage of the entire United States, to include Alaska and Hawaii, additional ground-based interceptor sites that are presently prohibited by the 1972 ABM treaty will be required.

#### FOLLOW-ON TECHNOLOGY (F/O)

The proposed Follow-On Technology Program Element (PE) is a newly combined FE, taking projects from the Space-Based Interceptor (SBI) PE, which has been zeroed, and combining them with projects from the Other Follow-On PE. This PE supports two categories of activities.

The first category supports directed energy systems development. These defensive weapons would provide significant added capabilities for countering potential future threats that may very well increase in both number and sophistication. SDIO is responsible for a major share of the nation's directed energy—laser and particle beam—research and development efforts. SDIO's fiscal year 1994 directed energy investment is substantially lower than in previous years but will protect key portions of the directed energy infrastructure. In response, to fiscal year 1993 congressional language, two far-term follow-on directed energy programs—the Free Electron Laser and the Airborne Laser—have been transferred from SDIO to the Services.

The second category is other Advanced Technologies, such as very advanced interceptors, sensors, materials, power technologies, and some near term demonstrations of future capabilities. The Brilliant Pebbles program has been moved to this PE and is funded at \$73M. Because of budget reductions, these activities have been reduced to supporting only a few of the highest payoff technology areas.

#### RESEARCH AND SUPPORT (R&S)

The Research and Support PE essentially contains two categories of activities: "Research" and "Support" for activities in one or more of the other program elements. The fiscal year 1994 budget request for this PE is \$360.9M, and when combined with the Follow-On PE constitute about one-fifth of the overall BMD budget request. In order to maintain essential activities supporting the priority TMD and NMD programs and to live within prior year congressionally-imposed ceilings on the funding within this program element, all of the test and evaluation and simulation activities have been divided, sometimes reduced, and moved to the program elements they directly support.

Research activities in the R&S PE are primarily associated with Innovative Science and Technology (IS&T), and our technology transfer and technology commercialization work. In previous years, this area also contained Small Business Innovative Research (SBIR) programs; but in fiscal year 1994, SBIR will be a separate program element. This PE also includes our technical work done to integrate all threat and countermeasures work conducted in support of system development activities.

Under our Support activities, we supply the basic management support to SDIO and our executing agents across the nation. These functions form a vital part of assuring our overall program viability. Here we pay for salaries, capital equipment, and basic management support within SDIO and within the executing Services and Agencies. Note that SDIO spends more than five times as much on salaries for Service agents as it spends on SDIO salaries.

## MANAGEMENT ISSUES

SDIO management of the Department's ballistic missile defense activities serves to involve all the Military Services and war fighting Commanders in Chief in the process of developing missile defenses and assures that their efforts are integrated into a coherent, cost-effective program that produces a truly joint Service missile defense system.

In accordance with a Memorandum of Agreement between SDIO and the Services in the spring of 1992, a streamlined SDIO acquisition structure has been established utilizing Service-appointed Program Executive Officers (PEOs) working acquisition matters with an SDIO official designated as BMD General Manager (GM). Reporting to the GM is the Assistant General Manager for National Missile Defense and the Assistant General Manager for Theater Defense, who has been designated as the SDIO official responsible for execution of the Theater Missile Defense Initiative.

A very important part of this new acquisition structure is the appointment of the Service PEOs at the two-star general/flag officer level. They are responsible for execution of Service Program Management Agreements and for providing guidance and Service-related direction to subordinate program managers. The PEOs have further enhanced our working relationships and flow of information between the Services and SDIO to ensure a coordinated effort leading to satisfactory completion of assigned programs.

Under the GM concept, I believe we have realigned our management structure to effectively integrate Service capabilities and requirements with SDIO oversight and integration responsibilities.

## CONCLUSION

The fiscal year 1994 budget submitted to Congress has been reduced by \$2.5B or roughly 40 percent from the planned Bush budget. This action represents a major redirection by the new administration and is the minimum funding level needed by the Secretary to keep his outyear options alive. Without full funding of the administration's fiscal year 1994 BMD budget, the administration may be forced to eliminate options which may deny our nation of either a major increase in theater missile defense, the ability to defend our homeland against limited strategic attacks, or the technology development required to respond to threat evolution.

Mr. Chairman, that completes my opening statement. I'm ready for your questions.



## THE BALLISTIC MISSILE THREAT TO THE UNITED STATES

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- "...Now We Don't Have Any Evidence To Suggest That Any Country Currently Plans To Bring Together The Materials, Technologies, And Facilities, And Expertise, But After The Turn Of The Century, Some Countries That Are Hostile To The United States Might Be Able To Acquire Ballistic Missiles That Could Threaten The Continental United States. *We Can't Give You A Precise Date -- Whether It's Eight Years Or Ten Years Or Fifteen Years From Now -- By Which That Might Occur.*"
- "...But I Think I Should Say That Over The Next Ten Years We're Likely To See Several Third World Countries At Least Establish The Infrastructure And Develop The Technical Knowledge That's Necessary To Undertake ICBM And Space Launch Vehicle Development. *A Shortcut Approach That's Prohibited By The Missile Technology Control Regime And By The Nonproliferation Treaty Would Be For Such Third World Countries To Buy ICBMs Or Major Components Covertly Together With Suitable Nuclear Warheads Or Fissile Materials. Anything Such As That Would, Of Course, Speed Up ICBM Acquisition By Such Nations.*"

*James Woolsey  
CIA Director  
Before The Senate Governmental  
Affairs Committee  
February 24, 1993*



## THIRD WORLD THREAT

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*"Our Missiles Cannot Reach Washington. If They Could Reach Washington, We Would Strike It If The Need Arose."*

**Saddam Hussein**

*"Did Not The Americans [In The Air Strikes On Tripoli And Benghazi] Almost Hit You... If They Know That You Have A Deterrent Force Capable Of Hitting The United States, They Would Not Be Able To Hit You. If We Had Possessed A Deterrent -- Missiles That Could Reach New York--We Would Have Hit It At The Same Moment. Consequently, We Should Build This Force So That They And Others Will No Longer Think About An Attack."*

**Col Muammar Qadhafi**



## RUSSIAN INTELLIGENCE REPORT ON PROLIFERATION

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"...But It Is Already Obvious Now That The Departure From A Bipolar World In Military And Political Relations Not Only Did Not Eliminate, But Has Not Lessened The Possibility Of The Destabilization Of The International Situation On A Regional Level. *The Proliferation Of WMD -- Nuclear, Chemical, And Biological -- Constitutes A Particular Danger In This Connection.* Its Spreading, Like The Metastasis Of A Cancerous Tumor, Can Strike The Entire Fabric Of International Relations And Undermine Hopes For The Creation Of A Just And Stable World Order."

*Ye. Primakov, Director Of The Foreign Intelligence Service Of The Russian Federation: "A New Challenge After The 'Cold War': The Proliferation Of Weapons Of Mass Destruction", Moscow 1993*



## SECDEF ON BMD PRIORITIES AND THREATS

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I Endorse What We Did In Congress In The 1991 Act And Then The Modifications To It... And I Think Those Are Consistent And Roughly In Line With Where President-elect Clinton Is On The Issue. It Talks About This Issue In Terms Of Three Parts. One Is A Theater Defense Issue. The Second Is A Ground-based Treaty-compliant Component To It. And The Third Is The Space-based, In This Case Brilliant Pebbles, Component To It. I Think The Order Of Priorities Ought To Be In The Order That I Listed Them. *When It Comes To Funding, I Think That In The First Case, The Theater Defenses, We're Dealing With A Threat That's Here And Now. We Saw That With Scuds In The Persian Gulf, So The Theater, I Think, Is Number One Priority.*

*\*SecDef Aspln At Confirmation Hearing (Qs & As), SASC, January 7, 1993 (Emphasis Added)*





## SECDEF ON BMD PRIORITIES AND THREATS (Cont'd)

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The *Ground-based Treaty Compliant* Is, I Think, *Dealing With A Very Real Threat, But One That Is Not Here And Now.* That's A Threat Of An Intercontinental Attack On The United States From Some Source. At The Moment, None Of Those Threatening Countries Has Intercontinental Ballistic Missiles, But That *Doesn't Mean They Might Not Develop Them In The Future*, So I Think That Is The Second Funding. And I Concur With The Proposition That The - That We Ought To Continue Some Research And Development On The - Brilliant Pebbles On The Space-based Component, But That Would Be My Third Level Of Concern And Priorities.

*SecDef Aspin At Confirmation Hearing (Qs & As), SASC, January 7, 1993 (Emphasis Added)*



## DEPSECDEF ON BMD PRIORITIES AND THREAT

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*.... I Believe That We Have A Strong, Even A Compelling Requirement, To Develop, Produce And Deploy A Theater ABM System. And I Would Put That At The Highest Priority Of Actions That Need To Be Taken.* A Second Priority: We May Develop In The Future A Requirement For A Continental Defense ABM System Against Limited Attacks - Not High Level Attacks, But Limited Attacks. And So, I Would Put That As A Second Priority. Both Of Those Requirements Can Be Met, I Believe, By Ground-based Interceptor Systems With Space-based Sensors And Warning Systems. As A Third Priority, Would Be Exploring The Technology Which Could Lead, Ultimately, To A Space-based System. I Don't See Either The Need Or The Technology Ready For That System Today. But I Do See The Potential Merits Of It And, Therefore, Think We Ought To Maintain A Technology Program In That Area.

*DepSecDef Perry At Confirmation Hearing (Qs & As), SASC, February 25, 1993*



## SECDEF ON THREATS TO NATIONAL SECURITY

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### SDIO Contributions

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Regional Conflict</li> </ul>   | <ul style="list-style-type: none"> <li>• Protect Forces For Power Projection And Relief Operations</li> <li>• Coalition Flexibility / Stability</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Danger To Democracy And Reform In The Former Soviet Union</li> </ul> | <ul style="list-style-type: none"> <li>• Cooperative R / D</li> <li>• Potential Multilateral Defense</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Economic Security Of The U.S.</li> </ul>                             | <ul style="list-style-type: none"> <li>• Dual Use Technologies</li> <li>• Advanced Technology Development               <ul style="list-style-type: none"> <li>- Aerospace</li> <li>- Electronics</li> </ul> </li> <li>• Commercialization Of Military R&amp;D</li> </ul> |
| <ul style="list-style-type: none"> <li>• Weapons Of Mass Destruction</li> </ul>                               | <ul style="list-style-type: none"> <li>• Support Effort To Halt Proliferation</li> <li>• Develop Improved Ballistic Missile Defense</li> </ul>  |



## SECDEF FY 94 GUIDANCE

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- Strategic Defense Initiatives Programs
  - SDIO Funding Should Be Maintained At The FY 93 Nominal Level, Consistent With The Following Priorities
    - Theater Ballistic Missile Defense Programs Should Be Given Highest Priority And Should Be Pursued On A Prudent Event-oriented Schedule That Provides For Adequate Testing Prior To Committing To Major Deployments
    - National Missile Defenses Should Be Given Second Priority Relative To Theater Missile Defenses. The National Missile Defense Program Should Support Deployment Beginning No Earlier Than 2002 Of A Defensive Capability For The Continental United States
    - Brilliant Pebbles Funding Should Be Reduced To Support A Technology Base Program. Brilliant Eyes Developments Should Be Slowed Pending Further Review Of The Role Of This System In The Revised Ballistic Missile Defense Architecture And Its Contribution To Space Based Surveillance And Warning Of Ballistic Missile Attacks



## RESPONSE TO SECDEF GUIDANCE

Theater	<ul style="list-style-type: none"> <li>• Highest Priority</li> <li>• Event-oriented Schedule Providing For Adequate Testing</li> <li>• Increased Funding In FY 94</li> <li>• Maintained FY 96 UOES THAAD / GBR Deployment</li> </ul>
National	<ul style="list-style-type: none"> <li>• Second Priority</li> <li>• Deployment Starts In 2004</li> <li>• Defend Continental U.S.</li> <li>• Decreased Funding In FY 94</li> </ul>
Space Based Interceptors	<ul style="list-style-type: none"> <li>• Reduced To A Technology Base Program</li> <li>• Substantially Reduced Funding In FY 94</li> </ul>

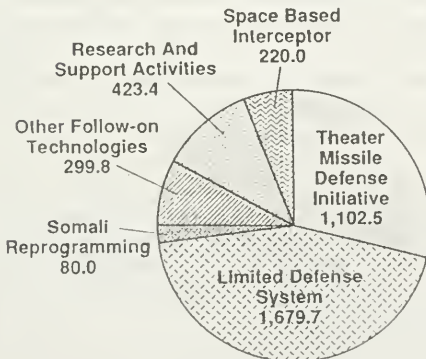
- Level Funded For FY 94, But Maintaining Options



## SDIO BUDGET BY PROGRAM ELEMENT

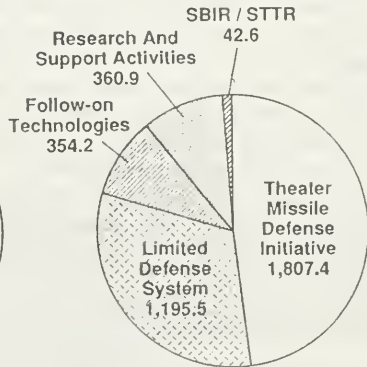
\$ In Millions

*FY 93 Appropriation*



Total \$3,805.4

*FY 94 Request*



Total \$3,760.6

## BUDGET GUIDANCE

Senator INOUE. We have been advised that to fund all of the programs in your fiscal year 1994 budget you would require \$47 billion through 1999. But according to the Secretary of Defense's guidance policy, budget guidance, you would have approximately \$30 billion through 1999.

Under the projected funding allocations for SDI will you have enough money to complete all the currently ongoing and planned national theater defense programs?

General O'NEILL. Mr. Chairman, the \$47 billion figure was the figure that came from the last budget submitted by President Bush. It represented a program that included an early deployment on a contingency basis of national missile defenses. It included a program which supported all of the theater missile defense options including boost-phase intercept, which is presently a technology program for that number.

When the Secretary first provided to us in SDIO the guidance, we came back and explained to the Secretary that we could accomplish basically all the goals of the Missile Defense Act and save \$10 billion from the program. So, that took the program down from \$47 to \$37 billion.

The bottom-up review process is looking at options below that level. Because the bottom-up review process is not completed and the decisionmaking in that process is done by a steering group which consists of Dr. Deutch, the USD(A), Admiral Jeremiah, the Vice Chairman, Joint Chiefs, the PA&E, the Comptroller, and others including the Ops Deps from the services, I do not know how they are going to allocate a ceiling to the dollars that will be provided to SDI. I do not know whether that number is going to be the \$30 billion that you mentioned or less.

Senator INOUE. Assuming that it is about \$30 billion, can you advise the committee as to what programs may be delayed or terminated or reduced?

General O'NEILL. Yes, sir; if the numbers were around \$30 billion—and I would like to answer this for the record if I may—but generally speaking what I would do is I would delay the national system in concert with what the Congress wanted us to provide in terms of a capability. And I would also think about delaying some of the later maturing elements of the theater system.

[The information follows:]

If the ceiling to the dollars allocated to BMDO were around \$30 billion, no major programs would be terminated. However, initiation of formal acquisition programs for sea-based Upper Tier, Corps SAM, and TMD Boost Phase Intercept could be delayed for several years. For defense of the United States, this program level could support a minimum acquisition program leading to an initial capability at Grand Forks in 2004. Activities supporting the potential for a decision to deploy an earlier contingency capability (UOES) would be eliminated.

Senator INOUE. What are those later systems?

General O'NEILL. The later maturing elements of the theater system include the CORPS SAM, which is a missile, an air and missile defense system for the forward-deployed forces. It was generally expected to mature in about 2005. We might have to push that off to later.

Also, in the theater we are looking at the boost-phase intercept, which is an initiative that the Air Force is very aggressively pursuing at our behest. It is a follow-on technology program right now, and what I would suggest we would do is we would push that further to the right.

We do have follow-on technologies which include space-based defense, either directed energy or kinetic energy. I would also push those programs to the right.

#### BOTTOM-UP REVIEW

Senator INOUE. Now, the review was supposed to have been concluded by now, so it is apparently not on schedule. When do you expect this to be completed?

General O'NEILL. Sir, I would like to ask Dr. Ed Gerry, who is the SDIO representative to the working group to talk about the schedules for the review if I may.

Dr. Gerry?

Senator INOUE. Fine.

Dr. GERRY. Good morning. The primary review of the SDI program and final briefing to Dr. Deutch and his steering panel is on Monday, next Monday, May 10. What we will be providing to them is a set of options for NMD and TMD according to various program strategies that might be embraced by the Clinton administration.

Subsequent to that, it will be made part of the overall strategy review that Secretary Aspin is conducting and I imagine the final choices will emerge in June and July timeframe.

Senator INOUE. Do you have any indication as to what the conclusions may look like?

Dr. GERRY. No; I do not.

#### ABM TREATY

Senator INOUE. General, in your judgment will it be necessary to abandon, or at least modify, the ABM Treaty in order to complete the theater missile defense system and the national missile defense system which is now envisioned in the fiscal year 1994 request?

General O'NEILL. Sir, there certainly are treaty issues with regard to elements of the SDI architecture, both on the theater side and on the national side. I would like to mention that at the present time the administration is conducting a comprehensive review of strategy and policy including the approach for SDIO, the relationship between SDIO development and the treaty, and the issue of the global protection system, an idea that was put forward by President Yeltsin in Russia.

I think I would hesitate to suggest what the treaty implications are until I have gotten guidance from the White House, and that should be the end of June when that is completed.

Senator INOUE. To the best of your knowledge, under the narrow interpretation of the ABM Treaty, would you identify which defense programs will be in conflict with ABM Treaty provisions and when this conflict will occur?

General O'NEILL. Sir, there will be no conflict with any element of the SDIO program in fiscal year 1994. Probably the first time

in which some clearer understanding of how we are going to move with respect to the treaty will be needed will be late in 1995, and that will be in conjunction with the conduct of tests associated with wide area theater missile defense.

Senator INOUE. If that is the case, how can it be technically effective if ABM Treaty compliance would limit the scope and content of your testing?

General O'NEILL. The treaty compliance requirements, in the narrow interpretation, suggest that elements of the program have to be tested in a mode likened to the mode of the elements which existed in 1972. In other words, when you test an interceptor, you test it in a fixed, ground-based scenario, as we do all of our interceptors.

The later embodiment of that interceptor on an aircraft, on a ship, on a mobile Army system, or in space are the things that one would have to sacrifice for the testing. In other words, you would test the capability of an interceptor to engage a target, assuming that you can simulate the environment for the end game exactly the way it would occur from the bridge of a cruiser. Not testing it on the cruiser and giving it a mobile capability is the place where you run into a treaty problem.

Now, that is assuming that you have the capability on a mobile platform to take out a strategic ballistic missile. In other words, you would have ABM capability. But I am painting that picture. And, in that case, you would test a ground-based fixed facility, a ground-launched system, and it could provide the interceptor simulation for any platform.

#### SDI ORGANIZATION

Senator INOUE. At the present time, we have an organization, the SDIO, over which you supervise. Some highly placed officials have suggested that the individual services that will be using and operating these systems should have greater involvement in the development of these systems. Do you think that that makes sense?

General O'NEILL. Sir, I think the level of involvement is just about right. And I would like to draw your attention to the three gentlemen sitting in the first row—Maj. Gen. Bill Chen is the Program Executive Officer for the Army. He controls the operations of all the acquisition support of SDI in the Army. Next to him is Rear Adm. John Mitchell, who controls the acquisition of all of the program elements supporting SDIO with a maritime flavor. And next to him is Bob Turelli, who is sitting in for Maj. Gen. Gary Schnelzer, who does the same thing for the U.S. Air Force.

They have been given a single point of contact in SDIO, and that is Dr. Jim Carlson, who is sitting just to my rear. Those four individuals tie together the triservice SDIO team. We allocate the resources—if you want to talk about people who are working, Government individuals who are working in SDI activities, there are about 2,000 people; 200 are in SDIO. The others are in the Air Force, the Army, the Navy, and DOE—we have some support at the National Laboratories, about 300 people at DOE. But this team, I think, is a very healthy team.

We in SDIO do not build—we do not design, develop, or build anything—any major element of the system. The major elements of

the system are built in the triservice venue by people who have been in the business of doing that for their whole careers. I came out of the Army, where I built missile systems for the Army. And I think the relationship we have, because we pull it all together at a triservice area, there are 70 Air Force officers in SDI; there are 40 Army officers in SDI; there are about six Naval officers, and their size is growing.

We are complemented by a strong civilian team. Most of them have come out of either the Navy, Army or Air Force, some out of industry, like Ed. But I think, together, we meld the requirements, the triservice requirements for SDIO. And we act in the interest of the Defense Department, and not in the interest of a particular ground combat mission, naval mission, or air superiority mission.

#### ARCHITECTURE

Senator INOUE. Can you assure the committee that the systems architecture takes into account, takes full advantage, or is sensitive to the command, control, and communication systems of the individual services?

General O'NEILL. Yes, sir; and I would like Dr. Gerry, who is the system architect for the SDIO, to comment, if he would.

Dr. GERRY. The overall battle management command and control is being worked in the service venue. For the overarching battle management command and control, development is assigned to General Horner at U.S. Space Command, which is the unified command that pulls together the three services. He is working that for both theater and U.S. defense for the future system when it appears. And so we are working very closely within the service elements to bring things together.

Also, within theater, I would like to point out that we are not developing new systems. We are integrating what we are doing in the ballistic missile defense arena in theater with the air defense systems that are already in theater. So we are working very closely with the existing service systems there, and building on what already exists.

Senator INOUE. In your mind, you are satisfied with the arrangement?

General O'NEILL. Yes, sir, yes, sir; I have spoken to the leadership and all three of the services are very happy with the arrangement. And I have heard them say that they like the idea of a triservice management entity, rather than us, in whatever service, being forced to allocate funds and to supervise other service's activity.

#### ARROW

Senator INOUE. I would like to now go to a specific system, the Arrow.

General O'NEILL. Yes, sir.

Senator INOUE. Including the MUSIC radar. Can you tell us what benefits and priority would justify continued investment in the Arrow system?

General O'NEILL. Sir, the principal benefit of the Arrow system to the United States has been the cooperative technological devel-

opment of the Arrow interceptor itself. It turns out that there are synergies between the Arrow and the theater high-altitude area defense system [THAAD]. The THAAD is a significantly more capable system than the Arrow, or will be, but the technologies are similar in that they use a very similar mode of finding the target, tracking the target and homing in on the target.

For example, the contractor for the seeker for the THAAD system, which is a subcontractor to Lockheed, also provides a focal plane to Israel, which they use on their seeker. In the process of working the Arrow test program and solving technical problems that were occurring, the contractor worked with the Israelis, and when he came back from Israel, was able to transfer to Lockheed through his subcontractor the results and the experiences he had gained in solving a significant problem on the Arrow.

So we have real evidence of significant benefit that has been given to the United States through this program.

I would also like to mention the fact that the Arrow investment is shared between Israel and the United States and that the investment made by the United States is made on a fixed-price basis. What that means is that if the Israelis want the program to succeed and there is a cost overrun, it will have to be borne by the Israeli Ministry of Defense.

I can assure you that the urgency of the Israelis, in terms of having this system in the field as soon as possible, exceeds anything I have ever seen in terms of the commitment and sense of urgency of a group of people trying to put a system together. They want ballistic missile defense very badly. They never again want to be in the situation they were in, in Desert Storm.

I know you were there in Tel Aviv, General Heebner, who is sitting right here, who is the Director of the Theater Missile Defense Initiative in SDIO, commanded the Patriot unit, the 10th Air Defense Brigade in Desert Storm in Tel Aviv. He fought the battle there. He intercepted the Scuds there. And he realizes that the Patriot is not and will not ever be the final answer to the requirements of either Israel or the United States.

So we are very anxiously awaiting the outcome of the Arrow program. And we are very interested in the munition, the missile itself.

#### MUSIC RADAR

In terms of the rest of the system, the command and control and the MUSIC radar, which is the fire control radar—there is another radar that they have—I think I can mention the name, it is Green Pine—that is their acquisition radar. We will not talk about that, but the fire control radar, MUSIC, is a radar in which the United States does not have an interest. It does not fulfill our requirements for mobility.

The radar systems which the United States is looking at are members of a family of X-band radars, much better packageable, much more technically robust, much more ECM robust, and we feel that is the mode that the United States wants.

So, in terms of continued support to Israel, I see the continued support in the area of the munition, in testing support and potentially, and very importantly, in the area of battle management com-



mand and control. My experience with the Israelis is they can make things happen very quickly and very efficiently. They are very pragmatic. And we need to learn from that. And we have developed, with Israel, a test bed, a simulation center, as it were. And we are working on potential initiatives in the area of battle management command and control. And that is the other area that I would be interested in us working with them.

Senator INOUE. What sort of schedule do we have now?

General O'NEILL. I do not think this is classified. [Pause.]

Senator INOUE. If it is classified, we can get it in writing.

General O'NEILL. In the mid-nineties—a capability in the mid-nineties is the goal of Israel.

Senator INOUE. I see.

General, I have many other questions I would like to ask, but there are other members here, so I will wait until they are finished.

General O'NEILL. Yes, sir.

Senator INOUE. Senator Sasser.

Senator SASSER. Thank you very much, Mr. Chairman.

General O'Neill, good morning to you.

General O'NEILL. Good morning, sir.

#### COSTS

Senator SASSER. Can you tell this subcommittee the estimated total cost for the strategic or theater missile defense architectures?

General O'NEILL. Sir, this morning, I asked my Comptroller to give me those numbers. He gave them to me in fiscal year 1993 dollars. And if I may give those to you, the cost of the national missile defense system in acquisition is \$20 billion in fiscal year 1993 dollars.

Senator SASSER. Did you say \$20 million?

General O'NEILL. Billion.

Senator SASSER. Billion.

General O'NEILL. Billion. Excuse me, sir.

The cost of the theater missile defense is \$16 billion. That is including CORPS SAM, but does not include the Navy programs, which will probably, if we fund both of the Navy programs, will add \$4 billion to that total. So it is 20 and 20.

Senator SASSER. That is over what period of time, General O'Neill?

General O'NEILL. That is between now and the year, probably 2005, 2006, sir. It averages out to about \$6 billion a year.

Senator SASSER. All right.

Does the 1994 funding level of \$3.8 billion that you presented to us this morning reflect the guidance that has been given to SDI by the Clinton administration?

General O'NEILL. Yes, sir; it does.

Senator SASSER. Now, if this is the case, is it logical to conclude that if the Congress fully funds the administration's request of \$3.8 billion this year, that according to the guidance that the administration is providing, the request then for next year will be over \$6 billion?

General O'NEILL. Sir, the answer to that question—and I answered a similar question from the chairman just a few minutes

ago—but if we intend to do everything that is planned under both national missile defense and theater missile defense, we would need \$6 billion. And to have an aggressive follow-on technology program, we would need \$6 billion in 1995, yes, sir.

Senator SASSER. Now, if we follow that scenario, if the Congress makes no changes, for example, in the administration's theater missile defense program request, is it reasonable to assume that under the current guidance, the theater missile defense funding will grow from less than \$300 million in the early 1990's to nearly \$3 billion in the mid-1990's?

General O'NEILL. Again, sir, the \$3 billion number is based upon a very aggressive program, supporting every option that we have on the table right now, including boost phase intercept, two Navy systems, the Army-wide area system, an Army forward combat unit protection system to replace the Hawk, a Marine Corps Hawk, and requisite sensing systems.

Senator SASSER. Well, that is the track we are on now, is it not, General?

General O'NEILL. Sir, the track we are on now is to provide a program in a condition that it can accept the guidance that is coming out of the bottom-up strategy review, both in the White House and in the Pentagon, and provide for the American people the best cost-effective, operationally effective mix of elements that would make up theater missile defense. And that can include a subset of the elements that I just described. And it is anticipated, at least by this officer, that there will be some subset of those.

#### TMD GROWTH

Senator SASSER. Yes; well, if this funding track is followed, it appears to me that the theater missile defense program will be the fastest growing item in the Federal budget—faster than the growth in the entitlement programs that many of my colleagues have been complaining about and are very concerned about, faster than the growth in interest on the national debt. And I am just concerned as to how we can provide any program, no matter how meritorious, a 10-fold increase in just 3 or 4 years.

That is one of my problems with it, looking at it purely from the point of view of dollars and cents.

Now, it appears that as we speak, theater missiles represent a strategic and daily threat to many of our allies and other countries, threatening their people and their economies. It also appears to me that the United States is taking the threat much more seriously than our allies are. In fact, the United States, as usual, appears to be bearing a disproportionate share of funding for theater missile defense, while our allies will receive a disproportionate share of the benefits.

Here in Defense Week, on April 26, a headline, "European Ballistic Missile Defense, Big Plans, Lots of Talk, But Not Much Cash."

Now, the question some of us has to answer is, why should the United States be bearing such a disproportionate share of the expense here? Why should we spend billions of dollars on theater missile defense, when our allies, many of whom face greater threats from theater ballistic missiles than we are facing, are

spending next to nothing? What would be your response to that, General O'Neill?

General O'NEILL. Sir, let me comment, if I may, about your statement with regard to the growth of the program. I think the growth of the program proceeded at a pace that was dictated first by, I think it was the House of Representatives. I do not know whether it was the Senate or the House, but it was the Congress which said on the eve of Desert Storm that we are not doing enough in theater, and SDIO, you need to ramp up your program.

I think you can trace that to an extra appropriation of over \$200 million that was given to the DOD expressly for that purpose. We learned a lot in Desert Storm about the vulnerability of our servicemen forward deployed. The United States has significant American citizens forward deployed. We took 20 percent of our casualties, sir, in Desert Storm from a single tactical ballistic missile.

That tactical ballistic missile, for your information, flew in such a trajectory that had the Navy been capable of—been outfitted to be capable of theater missile defense, the Navy could have engaged that system.

The idea of protecting American soldiers and their dependents and American citizens forward deployed is something that we take very seriously. We are in a mode now of trying to provide a capability to defend against a weapon that is in the arsenals of most, if not all, of our potential adversaries.

If you look at the second handout, on page 3 of the handout, two of our potential adversaries—Saddam Hussein from Iraq, and Muammar Qaddafi from Libya—say basically that if they could, they would strike Washington. So the issue of having capability to do ballistic missile defense I think is an issue that I as a military man who can defend my soldiers against tanks, trucks, frigates, fighter planes, cruise missiles—I cannot defend myself against ballistic missiles—it does not make a lot of sense to me, sir.

Senator SASSER. Well, you know, General, I did not want to get you into a policy discussion, but the problem is we cannot defend ourselves on the streets of Washington, DC, today from the thugs and the criminals. And if you walk down the streets of this city, you will find that most people are less concerned about Saddam Hussein and any other tinhorn dictator than they are of somebody pushing a .45 up in their stomach and blowing a hole in them.

General O'NEILL. Yes, sir.

Senator SASSER. So the question I am asking is how can we justify increasing theater missile defense by \$705 million in fiscal year 1994, over 1993, when we are abandoning many of these other domestic programs? And if it is a matter of such concern, the question I am asking is: Why are not our allies contributing more to it?

Now, it appears to me that this administration, to my great disappointment, is taking an approach that is strikingly reminiscent of the approach we took to defend Europe and Japan after World War II. In that case, although we benefitted and our allies benefitted, we picked up the majority of the cost. And now we are being asked, and will be asked I think shortly, to pick up the cost of cleaning up this mess in Bosnia, while the Europeans sit on their hands and do nothing.

I had the foreign minister of Austria ask me, Mr. Chairman, just a few months ago what we were going to do about Bosnia. And I asked the foreign minister of Austria what he was going to do about Bosnia, because tens of thousands of refugees are coming out of Bosnia into Austria. He said the United States needed to place troops in there. When I asked him how many troops the Austrians would put in, he said, "Oh, we cannot do anything, we are a neutral country."

So the taxpayers of this country, I think, are getting a little sick and tired of footing the bill for everybody else.

General O'NEILL. Yes, sir.

Senator SASSER. Now, let me just ask you this, General. David Israel, the Deputy Assistant Manager for Theater Missile Defense Programs, said, "We would have a rough time proceeding with all the theater missile defense programs on the table." He also stated, "There are a host of technical problems that need to be overcome before a successful theater missile defense architecture can be put in place."

Now, my question to you is, in light of these statements, would not a slow or no-growth policy in the theater missile defense budget be justified? If we proceed at the rate we are going, we are going to come up with an unaffordable bow wave in the future. And we are going to be overfunding many of these programs, which the SDI's own people are saying we have got a host of technical problems.

My concern with all of this is we are proceeding, it appears to me, on a crash program basis. And I do not see the necessity for proceeding in a crash program mode with all the wasteful expenditure of money that is attendant to that way of proceeding.

#### TMD PROGRAMS

General O'NEILL. Sir, if I may comment, you mentioned the approximately \$700 million increase between 1993 and 1994. The three largest elements of that increase are the THAAD program and its radar, the Patriot system, and the maritime initiative.

These programs, sir—the THAAD program has been through the Defense Acquisition Board. It was mentioned in the report to Congress last summer, and the committee at least commented on the—I think it was the conference committee that commented on the THAAD and suggested that the pace of the program was low to moderate risk. And that the idea of deploying on a contingency basis in the mid nineties, the contingency capability of THAAD, was reasonable and accepted by the Congress.

Now, the growth in THAAD as we move into a low- to moderate-risk program—but as you go from paper, which is all we had in the program in the early days of 1993, to the hardware that we have to buy in 1994 for testing. We have to buy, for example, 10 missiles in 1994. Now, we are not going to fly them in 1994, but we have to pay for them, start paying for them in 1994. That raises the cost of the THAAD program significantly.

Patriot is a program that we want to modify to give it all the capability we can. The program is being very carefully managed because we are trading off alternative munitions. We are doing that only on the basis of successful testing. We have a Raytheon muni-

tion and a Loral-Vought munition that we are trading off. That program needs additional moneys in order to move into engineering development. It is not yet in engineering development of the Patriot. We certainly want to get that into the hands of the American forces as soon as possible.

The Navy program is trying to pick up a capability which we think we can very efficiently put in the existing cruiser with the existing sensor, the existing crew. And all we would add is a modified missile and that system would be capable of providing another tier of ballistic missile defense.

When you add the costs of those three key programs, you have principally covered the growth of the SDI investment.

In terms of the comment that was made by Mr. Israel, I cannot put words in his mouth and I do not know whether the comment was correct or not, but I can tell you that there is always some concern on the part of the person who has to produce the successful system in terms of both the resources he has at his disposal and the risks, the technical risks, that are in the category of low to moderate, but they are still risks, they are still technical risks. And I think that is the tenor of his discussion.

#### ALLIED PARTICIPATION

If I may comment on why the allies have not stepped up with as large a role in the SDI program as they maybe should have, I can tell you that the Israelis are playing about as large a role as they can afford to play. It is their No. 1 defense program. Very high Israeli officials have told me it was their No. 1 program; maybe someone would argue that.

In terms of the other countries, the British have provided significant support. I think the total amount of allied support to the SDI program is something less than \$1 billion. It is about \$700 million. That is certainly dwarfed by the U.S. investment.

I can tell you that the new administration is very aggressively trying to redress that situation. I was directed by Mr. John Deutch, after he returned from the conference of NATO armament directors, to put together a briefing for this coming September. And he and I would go back to NATO and my job was to get the sense of urgency that we have and get our programs better understood so that they could be sold to our NATO allies.

He also asked me yesterday to prepare a paper to go into the package that Dr. Perry is going to carry to the Far East. And the paper is going to suggest the TMD initiative, the potential for defense of our allies in the Pacific. And Dr. Perry will consider that for his discussions.

#### SDI PROGRAM FUNDING LEVELS

Senator SASSER. Well, General O'Neill, do not misunderstand. I am not blaming you for the lack of expenditures or the sense of urgency that our allies apparently fail to feel. And you are simply carrying out your duties and your responsibilities and your orders to make this program work as well as you can, and I understand that and I am not being critical of you nor am I being critical of your efforts. I am being critical, I think, of those who, in my view,

are trying to push too much money through too small of a pipeline too fast. They are overaccelerating this program, in my judgment.

For example, we had a battle here on the floor of the Senate that went on for weeks on the question of what level this whole SDI program should be funded. And we finally—some of us who wanted to cut the funding finally had this funding level of \$3.8 billion thrust on us after we had already cut it back, I think, on the floor to \$3.2 billion, I believe, Mr. Chairman.

And now of the \$3.8 billion in the program last year, I am advised that \$80 million of it was deleted to finance our emergency relief operations in Somalia. Do you know if that is accurate, General O'Neill?

General O'NEILL. Yes, sir; that is accurate. We were asked to recommend. We were told of the problem of the Somalia relief and we were asked to identify our moneys that we could provide. And we looked at our obligation rates, our expenditure rates; we looked at our priorities.

And we took \$50 million out of Brilliant Pebbles. We, by that time, knew that the Brilliant Pebbles program was coming down in 1994 significantly. We found a way to take that. We took \$20 million out of the ground-based interceptor, which is part of national missile defense, because we were not ready to accept the proposals and get the contract going. We took another \$10 million in moneys out of directed energy and a boost-phase intercept program, in follow on.

Senator SASSER. And I am advised that \$27 million worth of programs that had initially been under SDI's jurisdiction have been transferred out from under SDI. Is that correct?

General O'NEILL. Yes, sir; the moneys were transferred based upon SDI's recommendation. And based upon the statutory direction from Congress that programs which mature at such a pace that they can be considered to be far-term follow on, beyond even the next horizon, not just the first horizon but the second horizon of SDIO, should be transferred to DARPA or to the services unless the Secretary is willing to say that they have to stay in SDIO for the national defense. We found two programs, both in directed energy, and we transferred one to the Army and one to the Air Force.

Senator SASSER. So when the Department of Defense or the Secretary of Defense makes the statement that he is freezing SDI at last year's levels, that is really not accurate because when you delete the \$80 million for the Somalia relief operation and the \$27 million that was transferred out to other programs, and then fund it at \$3.8 billion this year, he is really increasing the program by \$107 million over what the actual funding level was for last year.

General O'NEILL. The guidance that we received, sir, which is on page 9 of the handout, says, "The SDIO funding should be maintained at the fiscal year 1993 nominal level consistent with the following priorities." And what we did when we went back and talked to Mr. Aspin was we justified the funding level that you see right now at \$3.8 billion. Based upon what other things we have to do, theater missile defense, national missile defense, and the follow on.

Senator SASSER. Not finding fault with you, but what I am saying is that when the Secretary says he is freezing it at last year's level, he is freezing it at last year level's before they deleted the

\$107 million for the Somalia relief operations and the other programs that were taken out from under SDI.

Well, I have taken too much of this subcommittee's time. Thank you, General O'Neill.

General O'NEILL. Thank you, sir.

Senator INOUE. Thank you, sir.

Senator Cochran.

#### SDIO FUNDING FOR BRILLIANT PEBBLES

Senator COCHRAN. Mr. Chairman, thank you very much.

On the subject of funding and what would have been and what is, it is my understanding that the plans were to ask for \$335 million for Brilliant Pebbles this year, and this budget from this administration would allocate only \$73 million for the continued development of Brilliant Pebbles. Is that an accurate assessment of where we are on funding and where the plan was and where it is now?

General O'NEILL. Yes, sir.

Senator COCHRAN. So we are talking about now, in reality, a cut of \$260 million just for that program.

General O'NEILL. Yes, sir.

Senator COCHRAN. Is it not true, General O'Neill, that limiting antimissile defenses to ground-based systems will increase the cost of deployment and decrease the effectiveness of antimissile defenses?

General O'NEILL. Sir, again, I hate to be evasive, but it depends upon what the requirement is. If you require near leakproof defense, if you require almost nothing getting through—and, of course, you can never have nothing, you can never promise that nothing is going to get through, there can always be a leaker—you need to have tiers of defense. You need to have a forward tier and a midcourse or terminal tier. The easiest way to get that is to have space-based interceptors.

#### ARROW

Senator COCHRAN. One thing came clear to me when we had an opportunity to discuss the Arrow program with Prime Minister Rabin when he was here in March, was his strong interest in a boost phase defense capability against ballistic missile attack. Does the Arrow program, as it is now configured and being tested, provide such a boost phase defense capability?

General O'NEILL. No, sir; it is a—I call it a moderate area terminal interceptor. Very much it is in the mode of the Patriot. But it is a more capable system than Patriot and it is tailored specifically for ballistic missile defense, whereas Patriot has a wide range of capabilities.

Senator COCHRAN. Yes. While I am not fully aware of all of the details of the concerns in Israel, for example, I suspect they worry about both nuclear and chemical weapons being delivered in that way and would like to be able to protect themselves fully from such an eventuality. If they are concerned about that, it seems to me we ought to be concerned about it when we have troops in regions that might be susceptible to attack from the same kinds of systems.

I mean right now everybody knows, I guess with the exception of Russia and its republics who are nearby, no one else has an ICBM capability right now. But according to Jim Woolsey when he was talking to our Committee on Governmental Affairs this year, he suggested that within a decade we could see other countries obtain the technology to deliver an intercontinental ballistic missile.

General O'NEILL. Yes, sir.

#### BOOST PHASE INTERCEPT

Senator COCHRAN. Given all that, it seems to me that we ought to focus our attention on developing a system as quickly as we can which will be able to defend against ballistic missile attack in its boost phase, because if you cannot do that, you do not have an effective defense system in some situations. Is that not correct?

General O'NEILL. Yes, sir; and I would like to add that when you are talking about theater and there is a potential for getting into the enemy rear, after the beginning of hostilities of course, one can do a boost-phase intercept from aircraft.

It has been our great experience in the U.S. military that our air forces seem to be able to obtain air supremacy. Having obtained air supremacy, one can have aircraft orbiting near the suspected launch sites in such a mode that you could engage the missile even though he is camouflaged and you do not see the launcher. Of course, you would like to get him on the ground before he launches, but that is, I think, the hardest problem of all.

Especially if you are talking about triple-canopy jungle where you cannot even see thousands of people, you have to ask them to throw smoke so you know where they are. But if you can see them as soon as they light off—and, of course, it is pretty apparent, you could probably see them from the Moon if you had a good enough sensor—an aircraft could launch an interceptor missile, an upgraded AMRAAM kind of a thing, and actually engage the booster before it burns out.

In that way—and one of Mr. Rabin's interests is trying to preclude damage to the homeland. In other words, try to preclude this stuff from falling on Tel Aviv or Haifa or some other place. If it will fall on the enemy's side of the national boundary, maybe he will think twice before he launches something, especially a weapon of mass destruction like a chemical weapon. It would be very dangerous to have these chemical weapons sitting around if the United States Air Force or Israeli Air Force or allied air force was up there and could have it blow up right in your launch area.

So it is a very important part of our program. There are a number of candidates. Directed energy is practically zero time of flight. There is the Brilliant Pebble for the longer burning systems, the strategic systems in the boost phase. And then we are looking at aircraft-mounted systems, again in the follow-on technology phase of our program.

#### BRILLIANT PEBBLES

Senator COCHRAN. Some of the administration officials who have testified at confirmation hearings and otherwise this year have suggested that they would like to have financial support to con-



tinue a technology-based program, specifically for Brilliant Pebbles. They suggest Brilliant Eyes development is slowing down. But this is consistent with what you are suggesting, that there are funds being requested in this budget for continuation of some scientific testing in these areas.

General O'NEILL. Yes, sir; we are continuing the space-based interceptor, Brilliant Pebbles program. We have had to become much less optimistic about deployment environments. In other words, we have taken a two-contractor program and we have suggested that the funds were not there, so the two contractors have gotten together on an associative relationship and have now offered to the Government a much less expensive mode for us to continue the program as a technology-based program.

We no longer are in the demonstration and validation phase of acquisition, so we do not have to keep up with all of the paperwork requirements. We can treat this program as an advanced technology demo where a \$73 million a year budget is a healthy and positive way to do the program.

#### EXERCISE IN KOREA

Senator COCHRAN. I note during the exercises in Korea, the Patriot system was deployed and used in those exercises. Is that seen as protection enough for our troops over there, given North Korea's posture now with respect to disallowing inspections from the International Atomic Energy Agency, and what does that mean as far as our troops' well being in that region are concerned.

General O'NEILL. Sir, the forward-deployed American forces in Korea do not have Patriot. They have a very limited—if they had Patriot, they would have a very limited ballistic missile defense capability. We, for the forward-deployed troops in Korea—Korea, of course, is a littoral, and the fleet could defend Korea. Patriot could assist and THAAD could defend Korea. And I think depending upon which way the environment involves in Korea, we might have to move missile defense capability.

Senator COCHRAN. Mr. Chairman, thank you very much.

Senator INOUE. Thank you.

Senator Domenici.

Senator DOMENICI. Thank you, Mr. Chairman. I will be very brief.

And I apologize, General, for not being here earlier. I happen to have three hearings at the same time and just could not do it.

Dr. Gerry.

Dr. GERRY. Good morning, sir.

#### HELSTF FACILITY

Senator DOMENICI. Let me ask a very parochial question first and then just talk about follow-on technology in terms of the SDI program.

It is my understanding that the theater missile defense initiative is interested in the satellite beam director at the HELSTF facility at White Sands for observation of critical theater missile defense tasks. Is this so and does the theater missile defense intend to fund testing using this facility in the future?

General O'NEILL. Sir, the short answer is "Yes," so we are interested. For your information, the White Sands Missile Range [WSMR] is a major player in SDI over the next few years. I have talked to the commander out there, General Wharton; we represent about 40 percent of his test activity business in the next few years.

The capabilities of the Sealite beam director which is at the HELSTF facility have just come to the attention of our testers. They are very interested in it. They are considering it as a potential diagnostic for interceptor tests, including the theater systems that we have spoken of, the THAAD, the Patriot, ERINT, things like that. Now, we are in the process right now of talking to the range with regard to what the costs of use of that facility would be for support of our tests.

#### FOLLOW-ON TECHNOLOGY

Senator DOMENICI. Thank you very much. First of all, I think you know I generally support the SDI program. I am not at all one of those who thinks we do not need SDI any longer because of the changes in the Soviet Union.

Frankly, I see a proliferation of weapons of mass destruction—nuclear, chemical, and biological—and I think it kind of brings to mind even a more appropriate SDI activity than what we had in mind, perhaps, when we were talking about mass use of weapons on various sites in the United States.

My State has played a very significant role in much of the evolution of this technology, but much of it is in what we would call follow-on technology. Could you just give a general description, first, of how you see SDI's fiscal plans as it relates to follow-on technology?

General O'NEILL. Yes, sir; I think in the SDI discussions that we have had—and Dr. Gerry can comment from the standpoint of the working group member on the bottom-up review process—but from our standpoint one has to look at the future and protect the future, and one cannot trade off what we are going to do tomorrow with our insurance policy for the future when the evolution of the threat could make our present offense incapable.

So what I mean, sir, is when we look at where we are going in SDI, we try to allocate a percentage, as we do in the services, for a technology base or follow-on activity, and we focus on the Secretary of Defense's priorities, but it is very clear that the Secretary of Defense was talking about trying to retain in the Defense Department a healthy technology base.

As a matter of fact, in the guidance that the Secretary of Defense provided to the Department, he said, keep the technological modernization program, the technology base in the services and the agencies, at the level of 1993. Do not let it go down.

As you know, the SDIO is the sole repository, except for the programs that have been transferred, which I mentioned earlier, of the Nation's ballistic missile defense technology base. So we have to keep some money in the follow-on technologies, and the question is just how much.

Senator DOMENICI. Doctor.

## ARCHITECTURE

Dr. GERRY. The issue of how much follow-on technology is within the SDI program is one of the issues on the table in the bottom-up review, and at what level should it be there? What should its program content be, and what other alternatives for making sure that we maintain the proper level of technology in ballistic missile defense technology are there? That is part of the bottom-up review that is going on.

Senator DOMENICI. Will this review indicate where some of this technology might be developed within the Defense Establishment if not within SDI? I note that two or three of the big breakthrough technologies have been transferred out to the various services. The Air Force got a big one. They funded it. The Army got a big one and zeroed it. Will that be part of how we do some of the followup?

Dr. GERRY. Alternatives for where those activities should go on are part of the review. Given the very tight budget constraints that we are looking at and the priorities set by Secretary Aspin on what we are trying to do, and funding constraints, we end up having to look at other alternatives for some of that, as well as the continued funding within SDI.

Senator DOMENICI. So the ultimate home for where these follow-on technologies will be is up for review, although in the 1991 act we did give some direction that DARPA and other military departments be involved in this. Is that a correct statement?

General O'NEILL. [Nods affirmatively.]

Dr. GERRY. It is up for review, that is correct, but certainly the longest term technologies would be moving out to DARPA and the other places as was directed in the act.

## TOPAZ

Senator DOMENICI. My last question has to do with an international relationship that I would describe by using a program. Last year we acquired TOPAZ, as you know, a power system from the Russians. This was a situation where we acquired a system without having to pay for the research. Now, obviously the jury is still out as to what we really got, but clearly we did get a system. Will we be moving forward with some of these additional cooperative programs with the Russians in the future, from what you know?

General O'NEILL. The short answer, again, is "Yes." We again are awaiting the results of the administration's review of its policy and strategy with regard to the initiative Mr. Yeltsin started in 1992.

I would like to mention, Senator, if you had not heard, that this issue did come up in Vancouver, and that it is a major item for inclusion in the White House review of the strategy and policy. We anticipate there will be more cooperative research with the Russians.

Senator DOMENICI. Thank you very much.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator Cochran.

## TMD FUNDING

Senator COCHRAN. Mr. Chairman, I just have a couple more items. I appreciate your recognizing me again. I mentioned what seemed to me to be a sharp decrease in commitment from plans to reality of the Brilliant Pebbles program.

Is it not also true, General O'Neill, that the increase that has been mentioned in your statement, and also when the Secretary of Defense came here, for the theater missile defense program really is a decrease of about \$30 million from what was planned to be asked for the theater missile defense program in fiscal year 1994 when compared with the amount that is actually being requested?

General O'NEILL. Yes, sir; that is true.

Senator COCHRAN. One other question has to do with the Navy's program. You mentioned it in response to a question I think the chairman asked you.

It had to do with the theater missile defense program and the use of Aegis ships as platforms for that program when combined with the missile detection program such as Brilliant Eyes would give us more flexibility in defending against missile attack, particularly the fact that we would have mobile platforms that would.

If you think about the situation now in the Adriatic, or whether you were in the Middle East or in Korea, or wherever, do you have any indication about the impact of this so-called bottom-up review for the outyears that may affect that program, or will it be affected sooner than the outyears?

General O'NEILL. Sir, the options that are being considered—and I will ask Dr. Gerry to add. He may be able to say more than I can. The options include consideration of both the Brilliant Eyes and the wide-area maritime capability.

The funding for them, there is some synergy between the two, because with the Brilliant Eyes you could significantly increase the footprint of that wide area system, but they are being looked at in a bottom-up review, and I think the jury is still out.

Dr. GERRY. Both of those are viewed as—well, Brilliant Eyes, in particular, is viewed as an enabler for both theater missile defense in the long run and for defense of the homeland, so I think that Brilliant Eyes is being viewed favorably in most of the options for the bottom-up review. Navy, upper and lower tier, are part of the systems being reviewed in theater and option for providing the Navy upper tier is part of everything that is being looked at.

Senator COCHRAN. Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator SPECTER.

## BRILLIANT EYES

Senator SPECTER. Mr. Chairman, having just arrived, let me catch up a little before we ask questions. Thank you.

Senator INOUE. General O'Neill, I would like to ask a few questions on Brilliant Eyes. I believe we can agree that the ABM Treaty compliance issues have now been resolved.

Second, I have been advised that Brilliant Eyes is not necessary for the theater missile defense program. Accepting these two

things, how can you justify funding over \$250 million for this program?

General O'NEILL. Sir, as Dr. Gerry just mentioned, it is our feeling that Brilliant Eyes is an enabler for both the theater missile defense and the national missile defense. You are correct in saying that it is not necessary in terms of the existing TMD theater missile defense elements having an inherent sensor as part of the system.

However, the efficiencies and the increased level of protection that can result from adding the space queuing to the TMD system significantly decreases the cost of the system, significantly increases its coverage and protection, and is considered to be a very worthwhile investment, especially in the context of Brilliant Eyes being the principal sensor for the national missile defense architecture. In that way, it provides support to both parts, both segments of the ballistic missile defense system.

#### THAAD

Senator INOUE. In the fiscal year 1994 budget request, funding for THAAD has been increased from the \$273 million in 1993 to \$484 million. When you consider a report that the Army Strategic Defense Command has decided to redesign THAAD, how do you justify this increase?

General O'NEILL. Sir, the increase in the cost for the THAAD program was the projected increase based upon the need to go into the demonstration validation and test activities. The issues being undertaken right now with regard to a change in the design of the system necessitated by the modeling results of their initial design is a part of the development experience.

I think the moneys that are budgeted, if it turns out that this particular technical problem, which appears to have very little risk of not being solved, if it turns out that this problem cannot be solved, there would certainly be a modification of the investment in the THAAD program, but the THAAD program is designed so that there is risk reduction and many, if not all, of the key component technologies is designed for very early testing, testing starting late in 1994, so we will be able to see the onset very quickly of problems that would affect our long-term plans for THAAD.

Right now, the problem that you are talking about, which does involve some redesign, is a problem that we feel is tractable and within the risk band that we have imposed as low to moderate for the program.

Senator INOUE. You do not think that we should be delaying this until the Army comes forth with this redesign.

General O'NEILL. Sir, we are delaying certain activities until the design corrections are made. There are steps that we have postponed because of this activity, but this does not impact the overall milestones of the program yet, or the overall cost estimates or budgeting of the program.

#### NAVY TMD

Senator INOUE. Now, you are asking for \$94 million to begin development of Navy TMD, which could very well duplicate the capa-

bilities of the Army TMD. Why are you seeking these funds before we finish the Army system?

General O'NEILL. Sir, what we are doing—and I think Dr. Gerry mentioned it early on—is, the first thing we are trying to do is take systems that exist in the field, systems that do not have the capability that they should have, and outfitting those systems with this capability.

We have invested \$40 billion in the Aegis system. The Aegis system had to sit there in the water during Desert Storm and watch—and they could see them. The *Mobile Bay* and the *Leyte Gulf* were two of the cruisers I am familiar with that were in the gulf during Desert Storm. Both of those ships could see the Scuds lifting up out of Iraq, coming over the top, and dropping into Saudi Arabia. They could do nothing.

That investment, that \$40 billion investment, was not being utilized properly, because one of the missions—there are several missions of that ship, but one of the missions of that ship is to provide covering protection to the amphibious force, whether it is Army or Marine Corps, Air Forces that are within the littoral region that they can influence, they were not able to cover that mission capability.

What we are suggesting is, at less than a 10-percent added cost, one can give in the near term a capability to the Navy that it really must have for the future.

Senator INOUE. Even before determining the viability of the Army TMD system.

General O'NEILL. Sir, we see scenarios where the Army system would not be there, and the only thing we would have is the Navy, at least until we got the Army ashore.

So what we are saying is, if you want to protect the Army and the Marines when you hit the beach, if you want to protect the logistical forces that are moving in an amphibious force, you have to have something on the ship because the ship is the only thing that is there.

The ship can lay over the horizon—even in a scenario where we do not want to put American troops in, it can lay over the horizon and we can offer the head of state of a friendly nation protection to a certain level from our Navy, and I think it is a capability we certainly need to have.

We have made the investment in that system. It is the best fire control system on Earth today, the Aegis system. It controls offensive, antisubmarine warfare, air defense, and we want it to control missile defense, too.

You do not have to add one person to the crew, you do not have to add one ship to the fleet. All you do is, you slide a different kind of munition into that vertical launching system. That is all you have to do, and there is some software. There are a few software changes that have to be made, but they are not very expensive.

Senator INOUE. You do not think it would affect the other missions that Aegis has, such as land attack and air attack.

General O'NEILL. Sir, the only effect—and I would let Admiral Mitchell, who is a real expert in this talk, if you would like—he is sitting to my right here.

The only effect it has is the cruiser and the *Arleigh Burke* destroyer which would carry the systems is limited in number of launch silo holes that it has in the ship, so they would have to off-load some kind of capability in order to onload the ballistic missile defense capability, but I am assured by my naval friends who are in that business that they can accommodate the added responsibilities of ballistic missile defense with the amount of assets that they have.

You know, they are talking about taking some percentage, 25, 20 percent of the existing space in those holds, and they would have a capability in the system we are talking about to counter aircraft, cruise missiles, and ballistic missiles with the same munition.

#### BRILLIANT PEBBLES

Senator INOUE. Considering congressional opposition and problems with the ABM Treaty, why do we not defer further development of Brilliant Pebbles until we have some determination on the effectiveness of the present TMD and national missile defense systems that are under development?

General O'NEILL. Sir, we have already done something similar to what you just suggested. We have taken the Brilliant Pebbles program out of development, per se. It successfully passed through milestone 1, and it was moving toward engineering development. And the Secretary has directed and the Congress directed—last year as a matter of fact, so we started the procedure last year, but the Secretary has reaffirmed it—put the Brilliant Pebbles program in a technology-base part of SDIO. It is now a technology-based program.

What that means is you would have to do laboratory and very limited component and some system technology types of experiments. You would not follow the definition of a system design. You would not go through the reporting requirements in the defense regulations with regard to fielding of a system, the eventual fielding of a system. So you would have, as a result, very much like an ARPA program, a program where you are looking at proof of principle, feasibility, and things like that.

We think it is reasonable to do that with many of our follow-on programs, so that if one sees on the horizon the need for a follow-on system, beyond the ones you mentioned, the TMD and NMD systems, we could bring it in rather quickly, within 5 to 10 years. And that is the basis for having a robust technology-base program.

Senator INOUE. I ask this question because I will have to manage the bill.

General O'NEILL. Yes, sir.

#### THREATS

Senator INOUE. I think I would have a difficult time convincing my colleagues that the justification is based to a great degree upon statements attributed to Muammar Qaddafi and Saddam Hussein. You know, no one takes them too seriously around here. Because, after all, it is just demagoguery. We expect them to say that.

What do you say to that?

General O'NEILL. I always take a threat seriously, sir, even when it comes from a demagogue. As a military man, I would rather be protected, and I would rather have the capability. But it is your call, sir. It is not my call.

Senator INOUE. Well, on the matter of threats, we have had confusing signals in recent times. I still recall that it was a decision on the part of the administration and DOD to do away with Central Command and retire General Schwartzkopf in January of that year because it was the consensus that peace had come upon the Middle East. Strangely, it took action on the part of the Congress to suggest that we should delay this decision to do away with the Central Command. Some of us have a little difficulty reading intelligence reports and making sense out of it.

I remember that there were those who thought Saddam Hussein was the answer to peace, and we were giving him \$4 billion worth of loan guarantees. So, Saddam Hussein's wise words mean very little to us, I can assure you. I would suggest that you come forth with other, more definitive reasons for spending these sums of moneys.

General O'NEILL. We can provide information for the record, sir. We will work with the intelligence agencies.

[The information follows:]

Secretary Aspin said recently (May 13, 1993) that "Saddam Hussein and the Scud missiles showed us that we need a ballistic missile defense for our forces in the field. That threat is here and now. In the future, we may face hostile or irrational states that have both nuclear warheads and ballistic missile technology that could reach the United States."

In addition, in February, CIA Director Woolsey told the Senate Governmental Affairs Committee, "... After the turn of the century, some countries that are hostile to the United States might be able to acquire ballistic missiles that could threaten the Continental United States . . . over the next ten years we are likely to see several Third World countries at least establish the infrastructure and develop the technical knowledge that is necessary to undertake ICBM and space launch vehicle development."

Looking back in the 1970s, ballistic missiles were deployed primarily in NATO and the Warsaw Pact countries and the technology to produce missiles was concentrated in only a few countries. By the late 1980s, countries in the Middle East, North and South Asia, and South America procured missiles and/or established indigenous missile development programs. Currently, Soviet and North Korea SCUD missiles are in many Third World and East European nations. Outside the United States, Western Europe, and the Newly Independent States, by the year 2000, a number of militant countries will be able to produce ballistic missiles indigenously if their development programs are successful.

In the past, space launch capabilities emerged simultaneously with ballistic missile achievements. Historically, when a country decided to build a Space Launch vehicle (SLV), it generally derived the initial version from ballistic missile and sounding rocket developments. As SLV rocket propulsion technology advanced, it had often been directed towards improving ballistic missiles. Along with the more developed space capable nations or consortia—namely the United States, Russia, European Space Agency, China, and Japan—space launch vehicles have been tested in India and Israel and are being developed by Brazil. South Africa may make significant progress towards the development of a satellite launch capability during the coming decade. South Korea may do likewise.

The breadth and scale of these activities to develop highly-capable rockets result in increased numbers of skilled engineers and scientists and the inevitable exchanges of technical information among countries. Even with the efforts of nations under MTCR, for example, to control proliferation, the technology and in some cases hands-on experience could become available to countries that would seek to extend the range or effectiveness of existing missiles, build new missiles, or buy missiles or components to augment their military arsenals. For example, North Korea and China have sold other countries short-range missiles and China has sold intermediate-range missiles and the technology to produce them.



Iran has been the recipient of this kind of aid from both North Korea and China. North Korea has provided Iran with SCUD Bs and SCUD B production technology. China considered sales of the M-series of ballistic missiles, though in March 1992 it agreed to observe the MTCR guidelines which would preclude such sales. (The M-9 is a solid propellant missile with an estimated range of 600 km.) A number of nations of concern are also trying to obtain nuclear technology and expertise from the former Soviet Union. Finally, there have been reports that North Korea is planning to sell the 1000 km-class NoDong missile to countries in the Middle East.

In Russia, work is progressing on an SLV based on technology from the SS-20 ground-mobile IRBM and the SS-25 ground-mobile ICBM. The SLV would reportedly consist of SS-25 technology but "would not be an SS-25." The new system would apparently be marketed to interested Western and developing countries and the launch operation would be handled by Russian technical experts and secured by Russian troops. The range of the SS-25 ICBM is approximately 10,500 km. Russia has agreed to provide cryogenic rocket engines and related technology to India for which the U.S. imposed sanctions against Glavkosmos. Nevertheless, they could attempt to expand these sales because of the dire economic conditions within Russia.

The ability of some countries aspiring to missile status to maintain command and control of these modern weapons is questionable. Command and control of these systems is technically demanding and it is unclear that appropriate communications networks, safeguards, and clearly delineated decision-making authority will exist to prevent accidental or unauthorized use of the weapons.

Therefore, the threat posed by proliferation clearly exists and it is growing. We must not rely solely on diplomatic efforts to counter it.

Highly detailed information pertaining to the growing foreign ballistic missile threat exists in the BMDO Capstone System Threat Assessment Report (STAR), which is classified Secret and will be validated by DIA this fall. I would be pleased to provide a copy to you at that time.

Senator INOUE. Thank you, sir.

Senator SPECTER.

Senator SPECTER. Thank you, Mr. Chairman.

#### DIRECTION OF SDI

General O'Neill, I have supported the strategic defense initiative for a long while. And I recollect the work which Ambassador Max Kampelman did and Ambassador Hank Cooper. And I note you are in the position of Acting Director of SDI. As I read through the materials, I have a real question as to where SDI is going.

The program, as conceived and articulated by President Reagan about a decade ago, had a really grand horizon. And then we were locked up in very difficult arms reduction talks with the Soviets in Geneva. And a lot of tough debates on the Antiballistic Missile Treaty, and the narrow versus broad interpretation of where we were all heading. And then Brilliant Pebbles came upon the scene as an alternative.

And I just listened to you talk about Brilliant Pebbles, and I have no idea of what has happened. But I wrote down what you said, there are going to be a group of programs, and feasibility will be considered, and we can bring on quickly in 5 to 10 years. And Brilliant Pebbles is out of development and is in a technology base.

What does all that mean, General O'Neill? What has happened to Brilliant Pebbles?

And, more fundamentally, what is happening to SDI? What does all this mean?

General O'NEILL. Sir, the Brilliant Pebbles program was a program that was approved several years ago to go into acquisition, with a goal of deployment of the system in the same timeframe as

we deployed the national missile defense and the theater missile defense elements.

Senator SPECTER. Now, what does that mean? When was that going to be?

General O'NEILL. That was going to be by the end of this era, sir. By the end of the nineties, we would have a capability.

Senator SPECTER. By the end of the nineties, by the end of this era?

General O'NEILL. The goal was, by the end of the nineties, to have this capability.

Senator SPECTER. 1999?

General O'NEILL. 1999-2000, yes, sir, to have this capability, at the earliest.

Senator SPECTER. In 1987, we were talking about having a deployable system by 1994. What happened to that date and that program?

General O'NEILL. Well, sir, in 1987, the Brilliant Pebbles program did not exist.

Senator SPECTER. No; it was a different system. I know that. My question is: What happened to that system?

General O'NEILL. Well, that system was in response—we were responding to a different threat. We were responding to a different requirement from the Joint Chiefs. And the estimate was being made, I think, in terms of maturation on a different basis, what we would have in terms of sensors, interceptors, and where they would be.

Senator SPECTER. Well, did we not shift to Brilliant Pebbles before when there was a different threat?

General O'NEILL. Yes, sir.

Senator SPECTER. We shifted to Brilliant Pebbles at a time when we still conceived of a possible Soviet threat.

General O'NEILL. That is right.

Senator SPECTER. Before the Soviet Union disintegrated in late-1991.

General O'NEILL. Right.

Senator SPECTER. And did we not shift to Brilliant Pebbles because it was concluded that we could not undertake the prior program—that it would not work?

General O'NEILL. Yes; we shifted to Brilliant Pebbles because we felt that the space-based interceptor designed in the previous program was more expensive and less flexible than Brilliant Pebbles. Brilliant Pebbles turned out to be the best manifestation of a space-based interceptor that was a singlet, yes, sir.

#### SPACE-BASED INTERCEPTOR

Senator SPECTER. Did we not also conclude that the space-based interceptor was not going to work?

General O'NEILL. Not to my understanding.

Dr. Gerry is the architect. I would like him to comment on some of these issues.

Senator SPECTER. Dr. Gerry, why did we not pursue the space-based interceptor? Let me give you an umbrella question. The umbrella question is, we have got \$3.8 billion for SDI here again. And we have a shift in accordance with what Secretary Aspin said on

March 27, for three parts: emphasize acquisition of improved theater missile defense as a first priority, \$1.8 billion; a second priority, national missile defense, \$1.2 billion; and, three, recast the space-based interceptor program from an acquisition program to a development program, with deployment postponed to the year 2004.

Now, there have been some very tough debates on the Senate floor about funding for SDI—really tough debates. And last year, we came in, and after a lot of compromising, it was knocked down by \$500 million, one-half billion dollars, and we supported it. And now we have another change. And I have always felt that the scientific potential was virtually unlimited as to what we might be able to accomplish.

But what are we doing now? How can we justify another \$3.8 billion on this reconfiguration of the omelet?

Dr. GERRY. Well, first of all, we are focusing on Secretary Aspin's priorities, taking the programs that we were considering in the prior administration, addressing the order and the pace at which those programs should proceed to respond to—

Senator SPECTER. Excuse me, Dr. Gerry. Were these three items focused on in the Bush administration?

Dr. GERRY. Yes.

Senator SPECTER. That Secretary Aspin now wants?

Dr. GERRY. The theater missile defense was a major part of the last Bush budgets for the last several years. It was a growing part of the program.

Senator SPECTER. But was Brilliant Pebbles scuttled during the Bush administration?

Dr. GERRY. No; they were not. They were a third overarching segment of the program.

Senator SPECTER. Well, why are they being scuttled or deferred now?

Dr. GERRY. Basically, trying to address the priorities within funding constraints that are part of the current administration efforts. You cannot do all things right now, and the perception is that those can be worked in R&D and can remain in the background available, and we can expand, if we need to, to deal with a more difficult threat.

Senator SPECTER. What was the Bush request last year?

General O'NEILL. BP?

Dr. GERRY. BP.

General O'NEILL. Roughly \$500 million.

Senator SPECTER. For what?

General O'NEILL. For Brilliant Pebbles.

Senator SPECTER. \$500 million for Brilliant Pebbles.

General O'NEILL. \$500 million.

Senator SPECTER. What was the total Bush request for SDI?

General O'NEILL. Last year?

Senator SPECTER. Yes.

General O'NEILL. \$5.3 billion.

Dr. GERRY. And it was scheduled to be \$6.3 billion for 1994, the year that is under discussion right now.

General O'NEILL. Scheduled for \$6.3 billion.

Dr. GERRY. Actually, in response to the congressional direction to convert Brilliant Pebbles into a technology-based program, the

Bush budget, at the end of his term, was, in fact, a technology-based program. BP was, at that time, converted to a technology-based program, but a larger scale one.

It has been further scaled down in the current activities.

Senator SPECTER. Well, what do you anticipate will happen to Brilliant Pebbles now?

Dr. GERRY. We will continue to look at the component technology and the system concept, and demonstrate and fly the pieces, and make sure that we have a viable concept for future activation, as necessary, to respond to threats.

Senator SPECTER. When was the program on Brilliant Pebbles first put forward?

Dr. GERRY. When was the program first put forward?

General O'NEILL. I think it was 1990.

Dr. GERRY. 1990 or 1989. I forget which.

General O'NEILL. I think it was fiscal year 1990.

#### VIEW OF BRILLIANT PEBBLES

Senator SPECTER. How does our view of Brilliant Pebbles differ today from what it was when first put forward?

Dr. GERRY. In terms of the architectural context for what it does in the system, it has not changed. It is just the timeframe at which you would introduce that into an ultimate system. Its role is to get at things early in the flight trajectory and provide a second layer of defense.

Senator SPECTER. When it was first proposed, you thought it could come on line at what point in time?

Dr. GERRY. In the context with the funding profiles that were put forward at that time, it was thought to come on line toward the end of the current decade.

Senator SPECTER. When it was first put forward in either 1989 or 1990?

Dr. GERRY. Right. But what went with that statement was a funding profile that would conduct a program to do that.

Senator SPECTER. And now it is really being put on the back burner, to be reactivated if we decide we need it, and can bring it on in 5 to 10 years, which is what General O'Neill said?

General O'NEILL. Yes, sir.

I would not go so far as to say it is being put on a back burner. I think an advanced technology demo program, at \$70 to \$100 million a year, is an aggressive advanced technology demo program.

One must understand that the reason this ATD will be expensive is because it is a space system. So there are some more expensive experimental mechanisms we have to use to simulate that when we look at the pieces of Brilliant Pebbles. But I can tell you, sir, that we can put together a program which will significantly reduce the risk to the Nation of deploying such a system if we decide later to deploy it.

Senator SPECTER. It will significantly reduce the risk to the Nation of deploying such a system if we later decide to deploy it?

General O'NEILL. Yes, sir.

Senator SPECTER. What is the risk to the Nation by deploying the system?

General O'NEILL. What I mean is the risk in terms of the cost of the system and the performance of the system. In other words, the risk in terms of reducing the technical requirement for the components, the technical requirement for integration of those components, so that they perform the valuable function they have to perform.

And I think if we invest this money wisely we can be in a position to much better perform this mission if it is called upon.

Senator SPECTER. Well, thank you, General O'Neill and Dr. Gerry. I need to know a lot more about your planning. I share concern with what the chairman has said, what Senator Inouye has said. He is the manager of the bill. I have done a lot of work in the field in the past on narrow versus broad. Is there anything left to the ABM Treaty?

General O'NEILL. Sir, I do not understand the question.

#### ABM TREATY

Senator SPECTER. Well, are we still debating narrow versus broad? Are the Soviets still challenging our right to go to the broad interpretation of the ABM Treaty? Pardon me—the Russians.

General O'NEILL. Sir, I mentioned to the chairman a little earlier, before you came in, the comprehensive review that is presently underway in the White House. And they are looking from a policy perspective at the issues with regard to where the SDIO program is going, what the impact of the program is on the ABM Treaty, will the treaty have to be renegotiated, discussed with the Russians, and the concepts of the global protection system. And, in that context, how will our relations with the Russians evolve.

And that is underway right now. And it is in the same context that I suggest we wait for the results of that bottom-up process, as we were talking about earlier, and the bottom-up acquisition trade-offs that Mr. Deutch over in DOD is making.

Senator SPECTER. Well, General, I know you do not control that, but it would be my suggestion that we try to get some conclusions at an early date.

General O'NEILL. Yes, sir.

Senator SPECTER. We are in May now. It will not be too long before Chairman Inouye is on the floor defending this program, and you will be calling a bunch of us and saying can you help us. And we need to understand what you are doing. And I have been very deeply involved in your program, and at this moment, I do not understand what you are doing.

Thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator HARKIN.

Senator HARKIN. Thank you, Mr. Chairman.

This is a followup to Senator Specter's questions.

General O'NEILL. Yes, sir.

#### DEPLOYMENT DATES

Senator HARKIN. I might just point out that 2 years ago the deployment date for Brilliant Pebbles was 1996, not 1999. I know, because I offered an amendment to postpone that date, and I lost on

the floor, so I remember the deployment date. Two years ago, it was 1996.

I find it curious now that the deployment date for this system, without Brilliant Pebbles, is now 2004. The most complicated and hardest part of the whole system was Brilliant Pebbles. So I am wondering if that 1996 date was ever realistic, General.

General O'NEILL. Sir, I think what one has to look for is what one means by deployment and what you are deploying. As I recall, and I may be totally wrong—and I will answer this question for the record—but there is a concept that we used in Desert Storm with the JSTARS system. The JSTARS was not ready for deployment when the war came. But we took it over there, and we actually employed it before it had passed its operational testing.

As a matter of fact, the story is that after it came back and had successfully accomplished its role in Desert Storm, our testing community suggested that it had to reenter its testing from the beginning, because Desert Storm was not a valid test arena for this system. And I think what one talks about, in the context of Brilliant Pebbles in 1996, is such a deployment.

If you recall, in the Brilliant Pebbles constellation, we were speaking of up to 1,000 Brilliant Pebbles. Well, in the production of Brilliant Pebbles, when is deployment? And when do you consider it? Do you consider the first one? Do you consider the first squadron? Do you consider the first tier?

There are a number of timeframes that one can say that is when you have a Brilliant Pebbles capability. And it is the same thing with missile systems and fighter planes. You can have a single squadron. You can have a wing. You can have one airplane. And the dates will be different. So we have to make clear to you what we mean when we say we are going to have Brilliant Pebbles in 1996.

Senator HARKIN. I appreciate the answer. I did not really mean to get into that. I just remembered that the deployment date was 1996. I do not know what the definition of deployment was.

General, I support your work to develop more effective theater missile defense systems. I think that is the direction we ought to be moving in. I was never much of a supporter of this astrodome shield around the United States. I always thought it was a star wars kind of game and that it was never going to come to fruition.

But a theater missile defense systems is something else. And while I support it, I do have to question the rapid buildup. The program has grown from just over \$800 million in fiscal year 1992 to your request for \$1.8 billion for 1994. That is more than a doubling in 2 years. We have seen in the past that when programs grow this rapidly—and not just in defense, but in other areas—that is when we come up with all the stories we read about in the newspapers, the \$800 toilet seats and the \$200 hammers because there is just too much money floating around and not enough planning and wise decisions have gone into exactly how we promote that buildup.

My question is, do you believe that the theater missile defense programs can absorb that kind of an increase in 2 years? And give me some assurances that we will not be uncovering \$600 toilet seats because of this rapid tremendous buildup.

General O'NEILL. Yes, sir; it has been suggested by Dr. Gerry that the justification for this growth in the funding be submitted for the record because it has been part of several questions, so I would like to do that, sir.

Senator HARKIN. OK.

#### TMD COST GROWTH

General O'NEILL. But let me put it in my own words. When I looked at the growth of the cost of TMD, I investigated it and I found out it was basically in three vital programs. The biggest single element of the cost, \$300 million of increase in the cost, was, in fact, theater high altitude area defense, missile defense system, and the chairman and I have had discussions over the THAAD.

It is the first wide-area missile defense capability for the U.S. military, first one we will have ever had. The Congress recognized this last summer, endorsed the schedule that we offered to the Congress, and also endorsed the concept of a JSTARS-like program, which costs more than a regular program.

What that means is that in 1996—again, 1996 is the date—we will have a contingency capability to take THAAD, if we have to, into harm's way and have protection. That is about one-half of the increase that you are talking about between 1993 and 1994.

The other programs include Patriot, and I think all of us agree, I would think most Americans agree that we have got to make Patriot be all it can be, fast, to make sure if something happens we can modify the system that is already out there and in the hands of the American Army to the point where it can do its job in a more credible way.

The other big item is the Navy, the maritime TMD program which is divided into two parts. The near-term upgrade of the existing Aegis \$40 billion investment we have already made in Aegis and which today cannot shoot down a simple tactical ballistic missile, it cannot protect the Marines, it cannot protect the Army on the beach, it cannot protect logistical bases or ports, and it should be able to do that. It has—I mean, we can show you how the system can mature to provide that kind of capability against the threat that is out there right now against the military force.

The rest of the money in the naval area, the maritime area, is to look at the options to either marinize the THAAD or come up with some other alternative to provide a truly wide-area capability for the maritime force. The Navy is undergoing its cost and operational effectiveness analyses in 1994 with those dollars and providing the necessary upgrades to the standard missile, which is the munition on the Aegis vessel.

And those three programs, I think, are in very good hands. If I may add, in the situation of the Patriot, in Patriot right now we are evaluating the potential of two munitions. One munition came out of our technology base on the Army side. It is called ERINT. Its contractor is Loral-Vought in Dallas. They are competing in a shootoff, for all practical purposes, with the Raytheon-offered multimode missile. Both systems are multimode capable. They have their own intrinsic seeking capability, much more advanced than the present Patriot system.

We are going through an exhaustive evaluation utilizing the Army's capability up through the Assistant Secretary for R&D, and then it comes up to SDI, so there are a lot of eyes watching that program. And we have already caused that program significant additional reviews and analyses and critiques in order to make sure that program is done in an effective way.

So I am very comfortable with the three programs that make up the brunt of the cost increase which you have identified.

Senator HARKIN. That is THAAD, the upgrade of the Aegis and THAAD II?

General O'NEILL. The Patriot; the Patriot upgrade. It is maritime TMD, THAAD and Patriot are the three big pieces.

Senator HARKIN. OK. It is my understanding, then, of the \$1.8 billion for TMD missile defense, that actual procurement of weapons like Patriot is only about \$120 million. Am I correct in understanding that for 1994?

General O'NEILL. I think that is correct; 121, yes, sir.

#### R&D COST GROWTH

Senator HARKIN. So in other words, the tremendous growth from \$800 million to \$1.8 billion is almost all in R&D?

General O'NEILL. Yes, sir; we are not going to procure the Patriot-improved capability No. 3 until it is the right one, and that procurement is not going to begin until 1997 probably. The 1995 investment, first fielding in 1997, for the Patriot upgrade. So in the 1995 budget you will see larger procurement funds.

Senator HARKIN. It just seems to me—I guess what I am looking at here is that from the threat that we now face, the perceived threats that we might be facing in the next 10 years or so—I do not know what the timeframe is—that it is important to get the kind of missile defense that we need for the types of wars that we encountered in the Middle East. Am I off base on that? I mean, is that not what we are looking at? Intercept missiles such as Scuds and others that are basically shorter intermediate-range missiles that will be used in a theater-type war?

General O'NEILL. Yes, sir; the threat is the class of missiles that we anticipate would be employed in the theater environment. They vary from a few thousand kilometers range to 50- to 60-kilometers range, yes, sir. That is right.

Senator HARKIN. It would seem to me that out of this \$1.8 billion more of the money ought to be going into the upgrade for the Patriot and the procurement of these upgrades in a shorter timeframe than what you are asking for. It almost looks like we are putting, again, more money into R&D programs for something that is way out in the distance someplace, rather than putting our money up front for development and procurement of those items which we will possibly—I hope we do not need—but possibly need in the short term.

General O'NEILL. The R&D dollars, sir, include dollars for engineering development. And when you are in engineering development you are doing activities which are called low rate initial production. You are actually producing engineering prototypes of the system. So we are doing Patriot at an appropriate pace to provide



a product improvement to the system. And I do not think it would be smart to go much faster than we are going right now.

Senator HARKIN. Well what I would like to see is a breakdown on your R&D.

General O'NEILL. Yes, sir.

Senator HARKIN. If you do not have it, I would like to see it in terms of what is going into the Patriot upgrades, what is going into the Aegis, and what is going into THAAD.

General O'NEILL. Sir, I would like to provide that for the record, if I might.

Senator HARKIN. Maybe that will answer my questions. Thank you.

[The information follows:]

The following is the Research and Development (R&D) funding breakout for the Theater Missile Defenses based on the fiscal year 1994 President Clinton Budget Estimates. Please note that there are Patriot funds (project 2207) in the RDT&E, EMD & Procurement sections. Furthermore, of the \$1.8 Billion for Theater Missile Defenses 13.8 percent or approximately \$250 million has been set aside for Patriot.

#### RESEARCH DEVELOPMENT TEST & EVALUATION

Appropriation, 400; Program Element, 0603216C; PE Title, Theater Missile Defenses; Budget Activity, 04; Tactical Programs.

#### Resources

[In thousands of dollars]

<i>Project number and title</i>	<i>Fiscal year 1994 estimate</i>
1105 Discrimination .....	
1106 Sens Stud & Exp .....	654
1109 TMD Discrimination .....	1,328
1206 Advanced TMD Weapons .....	5,958
1210 Navy Exo .....	93,835
1501 Survivability .....	3,047
1502 Leth & Tgt Hard .....	35,064
2102 BE .....	112,518
2104 GBR .....	234,111
2106 ACTS .....	45,386
2203 E2I .....	
7207 Patriot .....	80,684
2208 ERINT .....	97,671
2209 ACES .....	56,424
2210 THAAD .....	484,270
2212 Corps SAM .....	31,998
2213 Navy/Marine Corps TMD .....	159,203
3204 Countermeasures Integ .....	
3205 TMD Spec Studies .....	31,436
3207 System Analysis .....	977
3208 Integ & Balancing .....	4,395
3210 Counterforce .....	3,906
3211 C4I & Ops Anal .....	12,697
3212 Passive Defense .....	
3213 Active Defense .....	9,767
3301 Data Center .....	3,711
3304 Targets .....	64,062
3305 Theater Test Bed .....	38,296
3310 T&E Facilities .....	9,962
3311 Mobile Test Assets .....	
3313 Test Ranqes .....	14,944
4000 Operational Support .....	
<b>Total (RDT&amp;E) .....</b>	<b>1,636,304</b>

## ENGINEERING MANUFACTURING DEVELOPMENT

Appropriation, 400; Program Element, 0604225C; PE Title, Theater Missile Defenses; Budget Activity, 04; Tactical Programs.

*Resources*

[In thousands of dollars]

<i>Project number and title</i>	<i>Fiscal year 1994 estimate</i>
2207 Patriot .....	48,457
3211 C4I & Ops Anal .....	1,953
Total (EMD) .....	50,410

## PROCUREMENT

Appropriation, 300; Program Element, 0208060C; PE Title, Theater Missile Defenses; Budget Activity, 01; Major Equipment.

*Resources*

[In thousands of dollars]

<i>Project number and title</i>	<i>Fiscal year 1994 estimate</i>
2207 Patriot .....	120,719
Total Theater Missile Defenses .....	1,807,433

## LIMITED DEFENSE SYSTEM

Senator HARKIN. Let me, if I could Mr. Chairman, just briefly focus on the limited defense system, which, although it is coming down, is still a significant part of this budget request. I understand you are now proposing a single ABM Treaty compliant ground-based system at Grand Forks, ND. Again, instead of the deployment date which I had mentioned earlier of 1996, I understand now you are talking about 2004 for a deployment date. How much would such a single-site ABM system cost?

General O'NEILL. Sir, the investment would be based upon the procurement of the ground-based radar, the ground-based interceptor, and a space-based sensor. That total would be \$20 billion.

Senator HARKIN. \$20 billion?

General O'NEILL. Yes, sir; in fiscal year 1993 dollars.

Senator HARKIN. And that is what it would take to get us to the deployment date of 2004?

General O'NEILL. Yes, sir.

Senator HARKIN. But that does include the R&D, the procurement?

General O'NEILL. The deployed system; yes. That gets you to the fully deployed system, single-site system, 100 interceptors.

Senator HARKIN. 100 interceptors plus the space-based detection?

General O'NEILL. Yes, sir.

Senator HARKIN. And the operations.

General O'NEILL. Plus the radar.

Senator HARKIN. General, this system, as I understand it, will not stop terrorist attacks by ship or small planes or that type of thing. Would this system be able to defend against submarine-launched ballistic missiles off our shores?

General O'NEILL. Sir, it would only be able to defend against submarine-launched ballistic missiles close to the site. It would not be able to defend our coastal cities; no, sir.

Senator HARKIN. How many more ABM sites would be required to protect against submarine-launched SLBM's?

General O'NEILL. The number—and I would like Dr. Gerry who is the architect to get into more detail on this—but the number is basically four Conus sites, four in the continental United States, one in Alaska, one in Hawaii.

Ed, do you want to comment?

Dr. GERRY. That is correct.

Senator HARKIN. Do you have any idea how much that might cost? Do you have any estimates?

General O'NEILL. I think the total cost of that would incur probably another \$2 to \$2.5 billion per site. So we are talking about another \$15 billion.

Senator HARKIN. \$12 to \$15 billion?

General O'NEILL. Yes, sir; \$12 to \$15 billion.

Senator HARKIN. \$12 to \$15 billion more?

General O'NEILL. Yes, sir.

Senator HARKIN. Will this system—and obviously I know the obvious answer to this—will this defend against cruise missiles?

General O'NEILL. No, sir.

Senator HARKIN. No; so the \$20 billion that we are asking for the single site at Grand Forks, first of all, will not defend against submarine-launched missiles off our shores, at least for coastal cities.

General O'NEILL. For the single site.

Senator HARKIN. For the single site.

General O'NEILL. Yes, sir.

Senator HARKIN. If we wanted to do that, we would have to have at least six other sites, and that would cost another \$12 to \$15 billion over that.

#### THREAT

General O'NEILL. Yes, sir. If I may interrupt, sir, when we get our threat assessment from DIA, the threat assessment for the submarine-launched ballistic missile strike is considered remote, if that makes you feel any better. It is understood, in our threat assessment, that the principal axis of attack to the United States would be over the pole from the North, whether it be from the Mid East—you still have to fly over the pole—from Northeast Asia, from anywhere in the former Soviet Union, anywhere in Europe. So that corridor appears to be the most likely corridor for attack if you are talking Iraq, Iran, Libya, North Korea, those kinds of potential adversaries.

In that case, the architecture, the single-site architecture that I just mentioned, could defend the entire continental United States.

Senator HARKIN. But is not the threat of cruise missile-type of attack as great as any ICBM in the future?

General O'NEILL. I do not think it is assessed near as great, sir, and in practice, the cruise missile is engagable by Patriot, Hawk, the existing Aegis system, the Stinger, the lookdown shootdown Air Force interceptors. Allied armies and air forces have systems that can shoot down cruise missiles.

There certainly is a technology which suggests that one might, if one were sophisticated, design a cruise missile that could get through the present Western capability for air defense, but I know

for a fact right now that we have no capability against ballistic missiles, other than in the limited role Patriot can provide in theater.

Senator HARKIN. Well, I still have very great doubts about the advisability of this single-site ABM system at Grand Forks. You talk about chasing bad money with good, I just do not see it providing any defense for us. Again, a theater defense, I can understand that. That is where I think we ought to be moving. But to also throw this 100-missile system at Grand Forks when the Soviet Union is gone, and we are rapidly reducing our long-range missiles on both sides, we are reaching one agreement after another.

I know some problems still exist, but there could be no doubt that we are moving in that direction. And at this point in time, to say we are going to put at a cost of \$20 billion a system at Grand Forks, I just must raise very serious questions about that. And I am sure there will be amendments offered on that.

#### ALLIED PARTICIPATION IN TMD

The last question, which I understand was raised earlier by Senator Sasser—the idea that a theater missile defense obviously is going to be very helpful to our allies and our friends around the world—I am just curious as to how much they are putting into this effort, especially R&D, in helping to develop this theater missile defense system. Are they forthcoming on that?

General O'NEILL. Yes, sir; he asked several questions, and it depends upon which ally you are speaking of. I mentioned that I think Israel is doing all it can. It considers the ballistic missile the principal threat to the survival of Israel. So they are putting all the dollars that they have available, they are very aggressively pursuing the program.

Of course, in the case of the Arrow, we are providing 72 percent of the funds for the next phase of the Arrow. But the funding that we are providing is the munition. The Israelis are funding the radar, the fire control system, the battle management, command control, and communications. That is all being funded by them. The goal is to have by the mid-1990's an operational capability for the defense of Israel against ballistic missiles.

Now, it is certainly not the United States intent to buy Arrow, the Arrow system, but it certainly is an allied contribution to ballistic missile defense, and if we are ever in a scenario where we would be under the protection of the Arrow system it would be very much appreciated by the U.S. military.

The other allies have not provided as much. You are absolutely right. The total contribution to the program is on the order of something less than \$1 billion. So we are talking about—what is that, 3, 4, 5 percent of the program that has been provided by allied moneys.

There is more, really, that is not covered, and that is the infrastructure. For example, we get a lot of support out of the United Kingdom, and their infrastructure is not billed to us, it is part of their overhead for the British conduct of research and development. But it is nowhere near the U.S. investment, you are absolutely right. And we have to work on that, and I told the chairman and the other members, I think before you came in, that I have been

given very clear instructions from both Mr. John Deutch and Dr. Bill Perry to make a larger share of our program accessible to our allies and get the message out that we need to work on this together.

And I am going to do that in September, before the conference of NATO armament directors and, hopefully, in the Far East, soon.

Senator HARKIN. Well, I am glad to hear you say that. I appreciate that. We are going to put all the money into development, and I think we should. And when the time comes, I hope never, but when the time comes that we need it or our allies need it, we are going to want it. And of course, at that point in time you do not ask them to pay for it. You go out and provide the defense. And I would hope that they would understand that up front and be more forthcoming in helping us on that.

Mr. Chairman, thank you very much.

Senator INOUE. Thank you, very much.

#### CONCLUDING REMARKS

General, you have been most forthright in your responses. You have done your best within the confines of policies that you are not responsible for, and we are most grateful to you.

Having said that, I would like to most respectfully share with you an observation. Needless to say, I am certain you will agree with me that this program, SDI, is at a very critical crossroads.

We either go ahead or we go on the slide. I say that this program is almost tailored for automatic reduction, and why do I say that? First of all, it is so complex, so complicated, it results in confusion. The questions and answers, I think, demonstrate that. It is so complex that we in the committee who have been given the responsibility of shepherding this program find it difficult to even compose questions to ask because none of us has necessary expertise in this area.

When you add to this confusion and complexity which involves not just scientific programs but legal problems such as ABM Treaty compliance, and that has not been resolved, and add to that the justification, if we cannot with some clarity justify this program to the satisfaction of the Members of Congress, you can be assured that it is going to go down. Because we have many other pressures on limited dollars. We all know that.

Justification is absolutely essential here, and as I told you respectfully, you are not going to do it with statements attributed to Qadhafi and Hussein. So we will be submitting more questions, but I think now the ball is in your court. I would hope that you can share with us in words and phrases that most of us can comprehend and understand. Why do we need this at this time, considering the crumbling of the wall and the demise of the Union, the Soviet Union, as Senator Harkin stated, why do we need Grand Forks with 100 sites when we are in the process of reducing all of these ICBM's.

So you have a tough job ahead of you, sir, because this is the centerpiece when it comes to R&D programs. There is none bigger than this one. So I decided to make this simplistic statement because in this audience are men and women who represent great in-

vestments. They represent contractors and others whose fortunes and future may depend upon what we do here.

If you want this program to continue, No. 1, present us with understandable justification. No. 2, if it is at all possible, make it less complex and complicated, and let us see where we go from there.

General O'NEILL. I would be happy to do so.

Senator INOUE. Once again, Dr. Gerry and General I thank you very much on behalf of the committee. We will continue this dialog, hopefully. All of us have many questions we would like to submit for your consideration and response.

#### ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

#### SUBCOMMITTEE RECESS

Senator INOUE. We will stand in recess until tomorrow morning, 9 a.m., in this room. At that time, this subcommittee will consider medical programs of the services.

Thank you, sir.

[Whereupon, at 12:07 p.m., Tuesday, May 4, the subcommittee was recessed, to reconvene at 9 a.m., Wednesday, May 5.]

# DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1994

WEDNESDAY, MAY 5, 1993

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 9:05 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Cochran, and Specter.

## DEPARTMENT OF DEFENSE

### HEALTH CARE

STATEMENT OF EDWARD D. MARTIN, M.D., ACTING ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)

#### ACCOMPANIED BY:

REAR ADM. HAROLD KOENIG, M.D., U.S. NAVY

LT. GEN. ALEXANDER M. SLOAN, U.S. AIR FORCE, SURGEON GENERAL OF THE AIR FORCE

LT. GEN. ALCIDE M. LANOUE, U.S. ARMY, SURGEON GENERAL OF THE ARMY

#### OPENING STATEMENT OF SENATOR INOUE

Senator INOUE. First, my apologies for being a bit late. But as Mr. Collins would say, whenever raindrops fall in Washington, everything goes haywire, so it took me over an hour to get here.

This morning the Defense Subcommittee turns its attention to one of the most critical and complex issues facing our Nation. The issue is health care—a very important issue for the Department of Defense.

Appearing before us to discuss the health programs of the Department are: Dr. Edward Martin, the Acting Assistant Secretary of Defense for Health Affairs; Lt. Gen. Alcide LaNoue, the Surgeon General of the Army; Vice Adm. Donald Hagen, the Surgeon General of the Navy; and Lt. Gen. Alexander Sloan, the Surgeon General of the Air Force.

Following our discussion with these witnesses, we will hear from another panel composed of the Chiefs of the military services' Nurse Corps.

This hearing comes at a time of great expectation and I believe some trepidation concerning the soon-to-be-released recommendations of the White House Task Force on Health Care Reform. No

doubt those recommendations will have a significant impact upon the future course of the Defense health program.

Yet even without the impact of these expected recommendations, we can say that the Defense health program has undergone and will continue to undergo important changes. Like the Nation it serves, the Department of Defense must continue to seek better ways to ensure access to quality health care, while at the same time limiting growth in health care costs to military members and their dependents and to the American taxpayer.

The need to provide adequate, cost-effective medical care to DOD beneficiaries grows larger as resources for our military programs continue to decline. Yet how best to accomplish this goal is a source of considerable controversy, both within and outside the Department of Defense.

At the core of the controversy lies this question: To what extent should the Department be involved in providing peacetime medical care at the expense or in lieu of civilian health care providers, so that it can remain prepared for its wartime mission? While we cannot fully answer this question this morning, my intention for this hearing is to address several related issues which I believe lie at the heart of this year's congressional debate over the fiscal year 1994 Defense health program.

Some of these are; what is the readiness of our military medical forces today, and does the 1994 budget request provide sufficient resources to preserve and improve this readiness? Which of all the recent medical demonstration programs should be used as a model upon which to build our future peacetime military medical system? How can we contain cost growth without harming the quality of health care provided? How can we best assure that all DOD beneficiaries, no matter where they are located, receive similar medical benefits and access to treatment?

These are the challenges that await us. I know our subcommittee will have many questions on these and other important issues. I have received prepared statements from all of you and I can assure you that they will be made part of the record.

I have been told that we have several here who should be in sick bay right now. Dr. Martin has laryngitis, I believe, and Dr. Koenig has a fracture of sorts or something like that. But we will try our best, and we have many others who can step in, I suppose.

Dr. Martin, I welcome you, sir, and after that you will be followed by Admiral Hagen. We have asked Admiral Hagen to summarize the statements and concerns of all of the surgeons general.

Senator Cochran, do you have any statement?

#### COMMENTS OF SENATOR COCHRAN

Senator COCHRAN. Mr. Chairman, just a very brief comment. I appreciate your recognition.

We have heard from a lot of witnesses already in our appropriations subcommittee hearings, and the emphasis is on protecting the people, the people resource of the military. It is considered to be our most important system and it concerns me to see the continued cutbacks in funding for health services in the military. I do not see how that is consistent with the goals that we hear enunciated by other witnesses who have been before the committee.



One example has come to my attention. For example, the Army Health Services Command will be reduced by 1,069 officers and 2,236 enlisted positions, with Walter Reed alone losing 80 officers and 144 enlisted positions in fiscal year 1994. If that is an example across all the services of what we are seeing in terms of cutbacks and downsizing, it worries me that we will not be able to meet the demands of the military officers and men and women on our health services. I understand the Health Services Command is underfunded by as much as \$400 million.

I hope that as we proceed with the hearing, the witnesses will touch on this and other examples, if they can, of some practical problems that we are facing with this substantial cutback in our military funding.

Thank you, Mr. Chairman.

Senator INOUE. Thank you very much, Senator Cochran.

Before I call upon Dr. Martin and his voice, we on this committee deal daily with the so-called big ticket items—they go into the billions—weapons systems and such. But I can assure you that I speak for all on this committee when I say that we consider the most important weapons system to be the men and women that you provide service to.

So with that in mind, I would like to call upon you, sir.

Dr. MARTIN. Thank you, Mr. Chairman. It is a pleasure to be here again, and I have asked Dr. Koenig if he would read my shortened statement and submit the long statement for the record, to save my voice for the tougher questions, at your pleasure, sir.

Senator INOUE. Thank you, sir.

Dr. MARTIN. Thank you.

Senator INOUE. Dr. Koenig.

#### INTRODUCTION OF ASSOCIATES

Dr. KOENIG. Mr. Chairman, distinguished members of the committee, I would like to introduce you to the surgeons general of the military departments. On my far left, Lt. Gen. Alcide LaNoue, U.S. Army. On my right, Vice Adm. Donald Hagen, U.S. Navy; and Lt. Gen. Rusty Sloan, U.S. Air Force.

As you requested, we will submit our complete statement for the record and I will present a brief summary of it now.

#### MILITARY MEDICINE

Military medicine is grappling with a number of convergent interests which carry significant importance for the future. National security objectives are being rewritten; defense structure, manpower, and budgets are being reduced; roles and missions of the armed services are being reevaluated; and the White House Task Force on Health Care Reform soon will release its recommendations for the country. Each of these activities impact upon the missions of military medicine, missions of combat casualty care, and everyday health care delivery.

The Department's medical portion of the President's fiscal year 1994 budget, submitted by Secretary of Defense Aspin, approximates \$15.3 billion, or 6 percent, of the DOD budget. Of this amount, \$9.4 billion comprises the Defense health program appro-

priation, which funds medical operation and maintenance, including CHAMPUS and procurement. This 1994 Defense health program appropriation of \$9.4 billion includes inflationary price growth of 4.6 percent that is offset by aggregate program reductions of 6.9 percent. The net effect is a 2.4-percent funding reduction from the fiscal year 1993 level.

Through an aggressive set of management initiatives, a portion of the purchasing power decline can be offset. The CHAMPUS portion of the fiscal year 1994 budget submission reflects a fully funded program of \$3.9 billion. The fiscal year 1992 CHAMPUS costs remained within appropriated funds, and from this experience we are confident that the fiscal year 1993 costs will as well.

We continue to develop and implement our managed care policies and guidance. Demonstrations, particularly the CHAMPUS reform initiative and catchment area management, as well as the services' efforts such as Gateway, Tricare, and Global Health, have taught us about workable managed care structures in the environment of military medicine.

Demonstrations spanning several years give rise to suggestions from beneficiaries and providers alike. We are listening to them and to the feedback offered from Members of Congress, the military coalition, and professional health care associations. It is these lessons and suggestions that formulate the full evaluation of our demonstrations and allow us to make mid-course corrections in design and structure. We are crafting them into definitive policy guidelines, guidelines aimed at developing more accountability in the military health services system.

We have in place quality management mechanisms to assess system strengths and weaknesses in military medical facilities, as well as through CHAMPUS. These assessments position us to maximize our accountability for both clinical and financial outcomes.

To achieve increased efficiency and to reduce the rate of growth in medical costs, we will be allocating resources through a modified capitation system for fiscal year 1994, accounting for unique military medical functions.

Military hospital commanders make management decisions that affect the volume of health services provided, the referral of patients, the satisfaction of beneficiaries, and the treatment patterns within their facilities. To assist commanders in making the best decisions, we are developing measures of cost, quality, and access outcomes within each of those performance areas.

#### MILITARY MEDICAL INITIATIVES

The military health services system is changing its logistics business practices, reducing inventory, and improving efficiency. Among the major initiatives contributing to these efforts is the use of prime vendors.

Improving the health status of our beneficiaries starts with refining health benefits to include health promotion, disease prevention, and appropriate treatment. In the last year, we targeted women's health issues and directed several new policies to improve the quality of care for our service women and other beneficiaries.

Beginning this year, the Department will conduct a mail service pharmacy demonstration in Hawaii and in the States of Florida,

Georgia, and South Carolina as one region, and Delaware, New Jersey, and Pennsylvania as a second region. Also, we will include retail pharmacy networks in our managed care programs beginning this year.

Concurrent with our efforts to chart a new managed care direction for military medicine, we have had to retain system flexibility to incorporate unique program requirements. One such requirement is planning the continuity of care in base realignment and closure sites. Our planning includes continued access to managed care programs now in place, such as the CHAMPUS reform initiative, as well as development of interim measures until a managed care program can be implemented.

Military medicine's ability to rapidly transport functional medical capability, to command resources, and to intricately plan and execute medical operations in the face of devastation and destruction has led to involvements beyond our wartime response role. In the past year, these capabilities have led to greater involvement in disaster relief, humanitarian assistance, and peacekeeping operations. Disaster assistance for victims of Hurricane Andrew, peacekeeping force support in Bosnia, and humanitarian assistance in Somalia are recent and current examples of these involvements.

We are steering military medicine toward accountable, integrated management for the delivery of high-quality, cost-effective health care to as many of our beneficiaries as possible. It is a course that will enable the military health services system to pursue its mission of readiness and everyday health care delivery in the face of tomorrow's challenges.

That ends my abbreviated statement.

[The statement follows:]

#### STATEMENT OF DR. EDWARD D. MARTIN

##### INTRODUCTION

Mr. Chairman, Distinguished Members of the Committee, thank you for this opportunity to review with you the initiatives and programs under way within the Military Health Services System. Your thoughtful guidance and willing support have substantially assisted us in shaping our delivery systems and in designing the health benefits we are able to provide.

Just now, military medicine is grappling with a number of convergent interests which carry significant importance for the future. National security objectives are being rewritten, the Defense structure, manpower and budgets are being reduced, roles and missions of the Armed Services are being reevaluated, and the White House Task Force on Health Care Reform soon will release its recommendations for the country.

Each of these activities impact upon the missions of military medicine; the primary mission being one of readiness. Military medicine must be prepared to support the members of the Armed Forces through prevention of disease and injury and through caring for those who become ill or wounded. Military medicine must be capable of conducting this readiness mission anywhere in the world, in any scenario. This readiness mission demands creative synergy among the components of military medicine.

- We must continue to develop military expertise of medical personnel to ensure a qualified medical force capable of being rapidly deployed to support U. S. combat forces.
- We must maintain state-of-the-art equipment that affords mobility and flexibility of operation for our medical personnel, allowing for all climates and conditions, anywhere in the world.
- We must retain cutting-edge technological advancement through medical research and development programs to ensure protection of service members wherever and however they are called to serve.

The everyday mission of military medicine is one of delivering health care to 8.2 million eligible beneficiaries, located throughout the world. It is this mission that affords our medical personnel the experience to maintain their professional expertise and skill. It is this mission that we have struggled to continue in face of resource reductions and spiralling health care costs. It is this mission that compels the Department to discover more effective ways to operate the Military Health Services System. And, it is this mission that will bear the greatest impact deriving from the White House Task Force efforts.

#### FISCAL YEAR 1994 DOD MEDICAL BUDGET

The Department's medical portion of the President's fiscal year 1994 budget, approved by Secretary Aspin, approximates \$15.3 billion (6 percent). Of this amount, \$9.4 billion comprises the Defense Health Program (DHP) appropriation, which funds medical operation and maintenance (including CHAMPUS) at \$9.1 billion, and procurement at \$273 million. Medical military construction funding of \$739 million is in a separate appropriation, but continues under medical direction and control.

The fiscal year 1994 Defense Health Program provides resources for the health care needs of as many of our 8.2 million eligible beneficiaries as possible. Care is delivered worldwide in 140 hospitals and 551 clinics and also is purchased from the civilian sector through the CHAMPUS program and the Uniformed Services Treatment Facilities (USTFs). The budget is developed based on health needs of projected beneficiaries, anticipated changes in force structure, and programmed base closures and realignments.

In fiscal year 1993, \$9.3 billion was appropriated to the Defense Health Program Appropriation for the medical program. An anticipated fiscal year 1993 reprogramming of \$295 million will correct a shortfall in the transfer of resources from the Air Force and Navy at the time of the Defense Health Program consolidation. The fiscal year 1994 Defense Health Program Appropriation of \$9.4 billion includes inflationary price growth of 4.6 percent that is offset by aggregate program reductions of 6.9 percent. The net effect is a 2.4 percent funding reduction from the fiscal year 1993 level.

An aggressive set of management initiatives is underway to reduce or contain health care costs. Some of these are: standardized drug formularies, reduced inpatient operations of small hospitals, reduced emergency room operations, consolidated graduate medical education, and limited dental care for family members. Through these measures, and other resource management reforms, a portion of the purchasing power decline can be offset.

However, the Defense Health Program is an entitlement program, and is driven by the requirements of the eligible beneficiary population.

The CHAMPUS portion of the fiscal year 1994 budget submission reflects a fully funded program of \$3.9 billion. This represents a 10 percent increase over the fiscal year 1993 amount for CHAMPUS, which was \$3.5 billion. The amount requested is primarily based on the CHAMPUS Actuarial Projection Systems (CAPS) model forecast for the CHAMPUS benefit program, estimates for contracts and demonstration projects, and adjustments for known program changes. The fiscal year 1992 CHAMPUS costs remained within appropriated funds; and, from this experience, we are confident fiscal year 1993 costs will as well.

In addition to health care delivery, the Defense Health Program supports the fiscal year 1994 requirements of three field activities: the Defense Medical Program Activity (DMPA); the Office of CHAMPUS (OCHAMPUS); and the Uniformed Services University of the Health Sciences (USUHS).

The \$273 million in the medical procurement account is to fund the purchase of capital equipment for medical treatment facilities as well as other equipment requirements. Examples include initial outfitting of new, expanded or altered health care facilities being constructed under major construction programs; equipment for modernization and replacement of worn-out, obsolete, or uneconomically repairable items; information processing requirements and equipment supporting pollution control, clinical investigation, and occupational and environmental health programs.

Funding for medical military personnel, reserve component personnel, medical research and development programs and certain management headquarters are included in the budgets of the military departments and are not part of the consolidated Defense Health Program budget. In addition, the military services' medical readiness programs are not integrated in the consolidated Defense Health Program budget. Rather, the services retain programming and budgeting responsibilities to ensure sufficient medical readiness is integrated with other combat service support.

## PROGRAM ACCOMPLISHMENTS

Our efforts last year were highlighted by accomplishments focused on achieving the primary missions of military medicine and preparing the Military Health Services System for the challenges in the decade ahead. At each step in our progress, this Committee has maintained active interest and offered constructive guidance. I believe our efforts are in keeping with the spirit and intent of your direction. My testimony today will address our accomplishments in terms of programs and systems, benefits, unique programs, and operational missions.

Moving the Military Health Services System toward a more managed system of care has caused us to scrutinize the entire military health care operation. In so doing, many processes and programs have been updated and refined, others have been introduced. Each change contributes to making the Military Health Services System a more accountable system of health care delivery.

The fundamental goal of the Military Health Services System is to improve the health status of our beneficiaries over time. To achieve that, we must take a long term view of our beneficiaries' health needs and emphasize disease prevention and health promotion. This shift in perspective has command support and is gaining visibility in programs and benefits being introduced.

Among the health care programs operating within the Military Health Services System are two which are unique: health care planning for residual populations in the Base Realignment and Closure sites; and the managed care program for Uniformed Services Treatment Facilities. These programs are specifically designed to manage the care for groups of our beneficiaries who do not have ready access to military hospitals.

The roles and missions of the U. S. Armed Forces are under review. And, as this occurs, participation of military medicine in operational roles such as disaster relief, humanitarian assistance and peacekeeping operations is increasing.

## MILITARY HEALTH SERVICES SYSTEM INITIATIVES AND ENHANCEMENTS

*Managed health care delivery*

During the year, we continued to develop and implement coordinated care policies and guidance sent to the military services early last year. Demonstrations, particularly the CHAMPUS Reform Initiative and Catchment Area Management, have taught us about workable managed care structures in the environment of military medicine. Demonstrations spanning several years give rise to suggestions from beneficiaries and providers alike. We are listening to them, and to the feedback offered from Members of Congress, the Military Coalition and professional health care associations. It is these lessons and suggestions that formulate the full evaluation of our demonstrations, and allow us to make mid-course corrections in design and structure. We are crafting them into definitive policy guidelines; guidelines aimed at developing more accountability in the Military Health Services System.

Significant points drawn from the experiences of these demonstrations are:

- the necessity for primary care providers to take responsibility for a patient's health care, including referral and follow up;
- the full involvement of military hospital commanders in the care provided to all of their service area beneficiaries;
- the beneficiary population must be sufficient to support a managed care, triple option network;
- the network management responsibility needs to be local, within the network region; and,
- the contracting process must be competitive for at-risk contract support.

A prime example of the steps we are taking toward incorporating these factors into our managed care initiatives is identification of regional health service areas. Under this concept, designated medical centers, as the Lead Agent, will have increased responsibility and accountability. They will manage health care for the region, coordinate planning, build integrated health care networks, and serve as referral centers for a broad system of care within the geographic region.

Our design work continues on coordinated care features most visible to beneficiaries, specifically enrollment and cost-sharing. In that regard, we received direction from the Congress last year to offer, in specific locations, a health benefit similar to the basic design of the one offered in the states of California and Hawaii, known as the CHAMPUS Reform Initiative (CRI). Additionally, Congress permitted use of that model only if the Department certified that it was the most efficient method to deliver health care. As an exception to this, the Department may waive the certification requirement for locations where hospitals are closing due to base closure and realignment actions.

The requirement to certify efficiency of the CRI model resulted in a RAND Corporation evaluation which examined the quality, access and cost of the CRI model in comparison with standard CHAMPUS. RAND advised the Department that expanding into other areas would run a major risk of substantial cost increases. RAND's conclusion was based on two dominant factors: structural facets of the model require modification and strengthening; and, the enrolled benefit cost-sharing schedule is too costly. Evaluation of these factors is underway. The outcomes of this evaluation will affect our managed care planning, particularly and immediately for those procurements now in progress.

We recognize that the delay in offering a health care option package is frustrating for our beneficiaries, but it has not been an obstacle to progress. The military services are implementing many of the structural, financial and accountability features of coordinated care. The Army's Gateway to Care initiative and the Air Force's introduction of Global Care are clear indications of this progress.

TRICARE, in the Tidewater area of Virginia, is another managed care initiative, operating under the Navy's leadership. TRICARE is being implemented as a demonstration project in order to enroll beneficiaries and to offer them cost-sharing arrangements more advantageous than standard CHAMPUS. On October 1, 1992, TRICARE began offering network providers and centralized assistance to beneficiaries. Full implementation of TRICARE is proceeding on a phased basis; and, this summer we expect to introduce the enrolled option to active duty family members.

Managed health care delivery, now present in several states, offers our beneficiaries access to known quality care at costs more advantageous than standard CHAMPUS. These health care operations also offer the Department a chance to evaluate how well such initiatives work in given geographic areas with specific and varying populations.

The CHAMPUS Reform Initiative in the states of California and Hawaii offers both an enrolled option and a preferred provider option in addition to standard CHAMPUS and military health care facilities. This demonstration has been in place for five years and will continue. The contract for the current CRI program has been extended to November 30, 1993. A competitive procurement for the follow-on program is in progress, with contract award scheduled for this summer. Start of health care delivery services will commence six months following contract award.

The Southeast Region Preferred Provider Organization Program is a demonstration designed to use a CHAMPUS Fiscal Intermediary as a vehicle for managed care. The regional fiscal intermediary is responsible for implementing and operating a point-of-service preferred provider network as an alternative to standard CHAMPUS. The preferred provider network is designed to complement military hospitals in that region. The program operates in Alabama, Florida, Georgia, Mississippi and Tennessee. This demonstration supports 20 military hospital catchment areas and 25 non-catchment areas with large CHAMPUS user populations.

In the greater New Orleans, Louisiana, metropolitan area we have a demonstration which offers beneficiaries a triple option choice of health care delivery. This demonstration was modeled after the one in California and Hawaii, except that there is no military hospital in the New Orleans area. This program supports about 20,000 beneficiaries.

#### *Quality management in the managed care setting*

Improvements in health care today are accomplished through steady and balancing progress in the three components of access, cost and quality. Over the past ten years, the Department's Quality Assurance Program has evolved from intense scrutiny of individual providers to an improvement of the infrastructure, processes of care, and clinical outcomes across the Military Health Services System population. Our quality management program integrates analysis of the military health facilities care and CHAMPUS care. In this way, care across the system, as perceived by our patients, is comparable.

We are building quality into our processes, through contract requirements for network providers, expanded oversight of the quality and appropriateness of CHAMPUS care, clinical practice guideline development, streamlining quality management requirements to avoid redundancy, and integrating specific goals of health promotion into our overall plan to improve the health status of our beneficiary population over time.

Our review of the most recent Quality Assurance reports from the military services revealed multiple examples of the application of principles of continuous quality improvement. Positive outcomes were demonstrated in prevention, improved timeliness of intervention, standardization of criteria, improved access, and improved follow-up and referral.

The Civilian External Peer Review Program (CEPRP) has progressed from supplementing the internal hospital-based peer review to complementing the more refined continuous quality improvement initiatives of the Services. Focused reviews completed in the past year include: appendectomies, ectopic pregnancies, hysterectomies, upper gastro-intestinal bleeding, and coronary artery bypass graft surgery. Independent analysis of inpatient military health care by civilian and military physician experts verified that these health care practices meet and usually exceed desired standards and outcomes. Of particular interest to this Committee are our efforts to improve the continuum of care in the delivery of emergency services for children. Since fiscal year 1991, the Department has been conducting comprehensive reviews and testing aimed at improving these services. We have developed screening criteria and pilot-tested them for assessing the process and outcome of pediatric emergency care for head trauma, seizures and respiratory distress due to upper airway obstruction. We also have developed screening criteria for dehydration and ingestion. Our work continues in the refinement of tested criteria, in testing those criteria now developed, and in developing an interdisciplinary education program.

The Department's aggregate scores for Joint Commission on Accreditation of Healthcare Organizations accreditation historically surpass the private sector. In addition, the Uniformed Services University of the Health Sciences just received a full seven year accreditation by the Liaison Committee on Medical Education. These measures serve as both confirmation of our excellent quality, and motivation to strive for further enhancement.

We are developing clinical practice guidelines in areas most relevant to our patient population. This will refine our ability to analyze clinical outcomes across the Military Health Services System with more precision. We have selected areas that represent all beneficiary categories, age groups, and the spectrum of health from preventive aspects to tertiary care. These guidelines will allow us to establish a basis for comparison of practice patterns and the effectiveness of our interventions. These efforts will lead us to the goal of improving the health status of our beneficiaries.

In our managed care programs, we have instituted standardized CHAMPUS quality assurance and utilization management criteria through five regional contracts. This standardization creates data offering the capability to analyze total system experience. This also provides an opportunity to review outcomes of CHAMPUS providers as a basis for inclusion in preferred provider networks. The intense utilization review of mental health care has resulted in patients being treated in the least restrictive environment, as well as providing cost savings for the government. This is affording us a quality, accountable mental health care benefit.

We have in place quality management mechanisms to assess system strengths and weaknesses in military medical facilities as well as through CHAMPUS. These assessments position us to maximize our accountability for both clinical and financial outcomes.

#### *Graduate medical education*

The managed care initiatives which the Department has underway aim to better accomplish the medical mission by ensuring high quality care to all beneficiaries, improving access to health care services, and controlling costs. Central to the achievement of these goals, the Department aims to provide as much of the care required by the beneficiary population as possible and appropriate within military medical facilities.

Ensuring high quality care and recapturing the care being provided outside military medical facilities depends on the ability to provide sophisticated specialized treatment services. Our ongoing critical review of graduate medical education (GME) identified this ability as essential to maintaining the quality of military medicine. Therefore, GME also is essential to specialized treatment services.

Nevertheless, the size and scope of our military GME programs had to be evaluated for possible consolidation in light of force reductions, closure actions and current duplication of training programs.

The Flag Officer Executive Committee on Graduate Medical Education, established in 1991, undertook this evaluation. In the last year, 11 programs have been discontinued and an additional 11 have been affiliated with civilian sponsoring institutions. Moreover, seven programs have been consolidated, or are under consideration for consolidation. The Flag Officer committee also has identified 12 services in 15 geographic areas for consideration as specialized treatment services.

We are pursuing further integration and enhancement of GME within the Department. Commanding officers of military medical centers designated as lead agents for health services areas are developing detailed policies and procedures to implement specialized treatment services. Further, these commanders will integrate appro-

priate specialized treatment services-related GME programs within their regions. In addition, they are developing policies and procedures for tri-service staffing of integrated GME programs. Similarly, the military services are preparing detailed proposals, due in July, for specific specialized treatment services at appropriate military hospitals.

#### *Post-doctoral training for psychologists*

The Uniformed Services University of the Health Sciences has developed the planning requirements for a post-doctoral fellowship in either child and adolescent psychology or forensic psychology.

#### *Graduate program in nursing*

The myriad requirements necessary to establish this program have been identified and many are underway. Expert consultants have been acquired for advice in program development, administration and accreditation; and, curriculum design is in progress. The Federal Nursing Chiefs will act as the Advisory Committee to the proposed Graduate School of Nursing. Details of admission procedures, a dean and faculty search, and timing of the first class are being determined at present.

#### *Administrative skill qualifications for commanders*

Responding to Congressional concerns about the level of administrative expertise possessed by commanders of military hospitals, a joint service task force was convened early last year. That task force recommended four directions to the military services, which have been approved and issued. The military services will:

- Instruct Selection Boards to ensure individuals they select for hospital command, possess the knowledge, skills and experience needed for command.
- Ensure individuals selected for command have the special knowledge and skills necessary to perform successfully in a managed care environment.
- Make available to commanders and prospective commanders opportunities to participate in formal professional development courses to improve their administrative skills.
- Identify early-on potential commanders for long-term civilian graduate programs to assure a ready pool of future command talent.

#### *Training psychologists for prescription writing*

Three of the original four military psychologists continue in this two-year training program. Their didactic requirements will be completed this month, and they will continue the clinical practicum phase at Walter Reed Army Medical Center for nine months. As the external evaluator of this demonstration program, the American College of Neuropsychopharmacology has offered a number of recommended improvements which are under review. Preparations have begun to receive, in July, the next class of clinical psychologists for training.

#### *Special pays for health care providers other than physicians*

The Department currently is reviewing special pay authorities for non physician providers in the context of fair and equitable application of pay criteria across all health care provider categories.

#### *Separate departments of social work and optometry*

Each of the military services has in its facilities separate social work services. The one exception is in some Air Force medical centers where, for efficiency and interdisciplinary delivery of care, the social work service is organized under the mental health department.

We have separate services of optometry and ophthalmology in the three military services and we consider this structural approach an appropriate one.

#### *Automated information systems supporting managed care*

There are several automated systems fielded throughout the Military Health Services System that contribute to the achievement of the goal of appropriate access to high-quality, cost-effective health care for our beneficiaries. Among these systems are: the Composite Health Care System (CHCS); the Retrospective Case Mix Analysis System (RCMAS); and, the Defense Enrollment Eligibility Reporting System (DEERS).

CHCS. This is the primary source data collection mechanism for coordinated care. Ultimately, it will allow management of health care delivery based on assessment of patient care outcomes, relative to treatment decisions made by health care professionals. CHCS has been tested at 14 military hospitals and 137 surrounding clinics in the United States and overseas. Worldwide deployment of most functionalities of this system is underway. Refinements to the inpatient order entry and nursing modalities are programmed.



RCMAS. This is an information retrieval system which provides the capability to easily and quickly perform inpatient health care utilization analyses to support both clinical and management decision making.

DEERS. This system provides an automated source of verification for a beneficiary's eligibility to use the Military Health Services System. It is the system which carries a beneficiary's enrollment status, as enrollment is implemented.

#### *Resource allocation*

One of the major principles of coordinated care is to optimize the use of Military Health Services System resources by both increasing efficiency and reducing the rate of growth in medical costs. To achieve this goal, resource allocation will be based on a capitation system that accounts for unique military medical related functions.

The services have traditionally programmed and budgeted for health programs on the basis of historical resource consumption and workload trends. A limitation to this approach is a built-in incentive to produce more output units or more service than may be medically necessary. The concept of capitation is a strategy for containing the cost of health care. A capitation-based methodology will be used in fiscal year 1994 to resource the military services. Using a service-specific methodology, the services will re-allocate to their medical treatment facilities.

The commander of each military medical treatment facility will assume responsibility for providing health services to a defined population, for a fixed amount per beneficiary. Regardless of the services used, there is no financial incentive under this perspective to increase the number of services or to provide more costly care than is clinically appropriate. A capitated allocation system encourages provision of care in the most cost-effective setting, effective delivery of each episode of care, and careful monitoring of the volume of provided services. Capitation discourages inappropriate admissions, excessive lengths of stay, and unnecessary services.

As the Military Health Services System transitions to a capitated system, significant policy issues become apparent. In the short-term, we must consider the scope of capitation, accuracy of the population data, management of military manpower, and care to Medicare-eligible beneficiaries.

#### *Program evaluation strategy*

Local control over the delivery of health care lies at the heart of coordinated care. Military hospital commanders will make the management decisions that affect the volume of health services provided to their supported population, the referral of patients between military medical facilities and civilian alternatives, and, the treatment patterns within their facilities. Each management decision will have implications for the cost, the quality and the accessibility of health care.

To make the best decisions, commanders must have feedback on their performance outcomes. To provide this feedback, we are developing measures of cost, quality and access outcomes within each of the three performance areas—volume of health services, referral between military medical facilities and civilian sources of care, beneficiary satisfaction surveys, and treatment patterns.

#### *Medical logistics*

The Military Health Services System is changing its logistics business practices, reducing inventory and improving efficiency. Among the major initiatives contributing to these endeavors are electronic commerce and use of Prime Vendors.

*Electronic commerce.*—This initiative involves passing orders and invoices electronically via computers between the requesting activity, the contracting activity, and the manufacturer or distributor. Under Phase I Electronic Commerce contracts, the vendor accepts electronic orders and electronically bills the government, but continues shipping to DOD depots. This streamlined ordering enables significantly lower inventory levels; through August 1992, it accounted for \$17 million in depot inventory reductions. Phase II Electronic Commerce contracts eliminate depot stock entirely; the ordered items are shipped from the manufacturer directly to the hospital. In fiscal year 1992, about \$6.2 million in Phase II Electronic Commerce business was transacted.

A third electronic commerce system allows for electronic ordering at Federal Supply Schedule prices with direct vendor delivery to DOD hospitals. Currently, 150 vendors have these ordering arrangements, and business transactions exceeded \$35 million in fiscal year 1992.

*Prime Vendor Program.*—The Prime Vendor program consists of contracts with regional commercial distributors to provide medical materiel to hospitals within 24 hours of ordering. Prime Vendor is characterized by a high degree of automation which is used in ordering and invoicing. The primary benefits of this concept are

reduced inventory levels, reduced materiel handling at the hospital, and simplified ordering procedures.

#### MILITARY HEALTH SERVICES SYSTEM BENEFIT ENHANCEMENTS

Encouraging the system of military health care to move into the managed care arena and to become a more accountable system of health care delivery is only one facet of our redesign of military medicine. Reaching our goal of improving the health status of our beneficiaries must start with refining health benefits to include health promotion, disease prevention and appropriate treatment.

The men and women of the Armed Forces, and their families, are generally a healthy population. Service members meet physical fitness standards, infant mortality rates are significantly lower than the national averages, and all our beneficiaries have access to health care coverage. Still, there is much we can do to improve the health status of our patient population. Toward this end, we have selected 45 of the 383 Healthy People 2000 national objectives as our priorities.

#### *Worldwide survey of military personnel*

Since 1980, we have sponsored the conduct of five Worldwide Surveys of Substance Abuse and Health Behaviors Among Military Personnel to ascertain the prevalence of alcohol, drug and tobacco use, and the consequences of alcohol and drug use for military readiness, combat efficiency and work performance. In 1985, additional health behaviors were considered in terms of both readiness and the relationship between abuse and health practices. In 1988, the survey included an examination of attitudes and knowledge about AIDS transmission and prevention. The 1992 survey added the prevalence of addiction to gambling as another health behavior to evaluate.

These surveys offer the opportunity to assess the effectiveness of health promotion policies and educational programs designed to prevent disease, disability and premature death, and to promote healthy behaviors in military personnel. The series of surveys shows progress trends in each of the health behavior categories.

The results of the 1992 survey indicate continued headway in our stand against drugs. This is the fourth significant, consecutive decline in the use of illicit drugs. Overall, 6.2 percent of military personnel reported nonmedical drug use in the previous 12 months, compared to 8.9 percent in 1988 and 13.4 percent in 1985. Drug use continues to be highly correlated with education, age, rank and marital status.

The trends in drinking and alcohol dependency are reflecting decreased use, yet moderate-to-heavy and heavy drinkers still comprise 40 percent of our military personnel. The percentage of heavy drinkers is the same as it was in 1980. These are clear indications for more aggressive programs of targeted education.

Additional survey data show a continuing decrease in smoking, and include useful information on awareness of at-risk sexual behaviors and addiction to gambling.

#### *Lead screening program*

Another health promotion effort being implemented by the military services is the blood-lead screening program for children. Ours is a two-part endeavor: one concentrating on the health status of children; the other targeting the potential sources of lead poisoning in children, namely military housing and buildings frequented by children.

The health screening program requires routine screening of blood-lead levels for children seen at the 12-month well-baby check-up. The patient population will be tested in increments of 20 percent each year for five years. Additionally, we are administering a questionnaire for all children under age 6 who come in for any form of health care. A child scoring in the high risk range will be referred for testing of blood-lead levels.

Regarding sources of lead poisoning, the Department is working with other federal agencies to develop effective and economical methods to clean up buildings and military family housing.

#### *Women's health*

In the last year, we have evaluated our approach to women's health issues and found several areas in which improvement was necessary. We issued a policy statement to the military services and expect their implementing regulations early this summer. The health issues addressed include health maintenance exams, mammograms, gynecologic services, timely return of test results, and availability of epidural analgesia. Each of these issues will improve the quality of care for our women service members and other beneficiaries.

### *Comprehensive dependent dental plan*

Implemented April 1, this enhanced program offers an excellent benefit for active duty family members. For low monthly premiums, active duty families now have shared coverage for specialized dental care, as well as routine and simple restorative work. Diagnostic and preventive services continue to be fully covered.

### *Mental health initiatives*

Since fiscal year 1989, we have implemented several actions to improve the quality of the CHAMPUS mental health benefit, and to curb the spiralling rate of its cost increases. Quality improvement measures established include: a new appeals process for beneficiaries; significant revisions to the standards for Residential Treatment Centers (RTC); and, new standards for Substance Use Disorder facilities. Additionally, we plan to establish the National Quality Monitoring Program as an independent evaluation mechanism, and to enhance both reimbursement methodologies and financial incentives. Between fiscal year 1985 and fiscal year 1989, CHAMPUS mental health expenditures increased 22 percent per year. Cost increases slowed to about 3 percent in fiscal year 1990, decreased 5 percent in fiscal year 1991, and we project a 17 percent decrease for fiscal year 1992.

### *Pharmacy initiatives*

The Department will conduct a demonstration of a mail service pharmacy benefit in Hawaii and in two multi-state regions beginning this fiscal year. The states selected are Florida, Georgia and South Carolina as one region, and Delaware, New Jersey and Pennsylvania as the other region. The second program will be to include retail pharmacy networks in the managed care programs initiated, awarded or renewed beginning this year.

### *Defense and veterans head injury program*

This program was established in February 1992 to find solutions to the problem of Traumatic Brain Injury (TBI) in the military and veterans populations. There are over 10,000 peacetime TBI hospitalizations in Defense and Veterans Affairs hospitals each year. Prior to 1992, there had been no overall systematic program for providing TBI-specific rehabilitation within Defense or Veterans Affairs.

Presently, this program includes 7 regional military and Veterans Affairs TBI centers and a central office coordinating patient tracking, study design, data collection and analysis. The centers include: Walter Reed Army Medical Center, Wilford Hall USAF Medical Center, San Diego Naval Medical Center, Palo Alto Veterans Affairs Medical Center, Minneapolis Veterans Affairs Medical Center, Richmond Veterans Affairs Medical Center, and Tampa Veterans Affairs Medical Center. The TBI registry is being piloted at these centers; over 250 patients have been entered thus far.

## UNIQUE HEALTH CARE DELIVERY PROGRAMS WITHIN MILITARY MEDICINE

Concurrent with our efforts to chart a new, managed care direction for military medicine, we have had to retain system flexibility to incorporate unique program requirements. Two such prominent requirements are the continuity of care in Base Realignment and Closure (BRAC) sites and the implementation of managed care programs at Uniformed Service Treatment Facilities.

### *Base realignment and closure [BRAC] locations*

There are 18 military hospital closures on the BRAC I and BRAC II lists. BRAC III recommended nine, and the Commission added Great Lakes, so we are looking at a total of potentially 28 hospital closures. In years past, when an installation closed, the military hospital closed, and residual beneficiaries used either CHAMPUS or Medicare for their health care needs. That no longer is the situation. There is strong Congressional support for the Department to do more for residual beneficiary populations affected by these closures. In that regard, we have enhanced our planning and programs to specifically address these beneficiaries.

First, the military departments have been charged to develop transition medical plans for each closure site. These transition plans are interim steps until the feasibility of longer term programs can be determined.

We have convened a joint service working group to provide for a consistent and integrated approach to the identification of resource requirements, allocation and access at closure sites. This year we invited a beneficiary representative to join the group. Working group members will make site visits to gain specific geographic and demographic insight for each location.

CHAMPUS beneficiaries at closure sites in California and Hawaii benefit from the health care options developed under the CHAMPUS Reform Initiative. Those living

in the states of Florida and Alabama may continue to use the preferred provider networks established by the Southeast Region Fiscal Intermediary contract.

In the 19-state Northern fiscal intermediary region, a new contract will be awarded this summer which calls for development and implementation of preferred provider networks in the Delaware Valley and at all base closure sites in that region. A similar fiscal intermediary contract will be awarded later this year for the Mid Atlantic region. This contract will support the TRICARE demonstration in Virginia, as well as develop and implement BRAC preferred provider networks.

CHAMPUS beneficiaries affected by hospital closures at Bergstrom, Carswell and England Air Force Bases in Texas and Louisiana, were of particular concern to members of this Committee. These beneficiaries will have access to a triple option package similar to the one now available to beneficiaries in the New Orleans area. The New Orleans contractor has been asked to expand operations, with some structure and cost-sharing modifications, to these three locations. Services began May 1 of this year.

Because these programs are CHAMPUS programs, access to them is limited to CHAMPUS eligible beneficiaries. In BRAC locations, there are a number of military beneficiaries who are Medicare, not CHAMPUS, eligible. Recognizing this, the Department has undertaken a joint marketing effort with the Health Care Financing Administration (HCFA). This effort is designed to inform our Medicare eligible beneficiaries of the HCFA health maintenance organization plans available in their geographic areas. Participation in the Medicare health maintenance organization plans is available only to our Medicare eligible beneficiaries who have subscribed to Medicare Part B.

Under new legislative authority, our Medicare eligible beneficiaries residing in service areas affected by BRAC, may avail themselves of the two new pharmacy programs as they are implemented. The new programs are the mail service pharmacy demonstration in selected states, and the retail pharmacy networks to be established in conjunction with our managed care programs.

#### *Uniformed services treatment facilities' managed care plan*

The Uniformed Services Treatment Facilities are the former US Public Health Services hospitals for which Congress bestowed "deemed status" as military medical treatment facilities. A three-year managed health care plan for these facilities has been negotiated. The plan embodies standard health maintenance organization features including uniform benefit packages, enrollment, utilization review, quality assurance and capitation payment. The plan's initial open season will run from June 1 through July 31, 1993, at Pacific Medical Center in Seattle, and from July 1 through August 31, 1993, at all other Uniformed Services Treatment Facilities. Delivery of services to enrollees begins October 1, 1993.

#### OPERATIONAL REQUIREMENTS FOR MILITARY MEDICINE

Requirements for military medicine's abilities to rapidly transport functional medical capability, to command resources, and to intricately plan and execute medical operations in the face of devastation and destruction continue to expand beyond our "wartime" response role. In the past year, these capabilities have led to greater involvement in disaster relief, humanitarian assistance, and peacekeeping operations.

*Hurricane Andrew.*—Within hours of Hurricane Andrew's devastation, military medical personnel were providing assistance. As the overwhelming devastation of the disaster became apparent, the military medical role steadily increased. The loss of civilian medical infrastructure caused the task force surgeon to assess medical requirements and to develop an area support medical plan. This plan coordinated medical resources within the disaster area and task-organized the medical response as the community gradually recovered. Military medical personnel focused on evacuation and treatment; dental, veterinary and preventive medicine services; logistics; mental health; and communications. Military medicine's response was designed to support and assist community medical resources and personnel until they were able to resume their previous functions. Medical personnel from each of the military services played a significant role in this disaster assistance effort.

*Peacekeeping and humanitarian operations.*—In response to United Nations initiatives, U. S. military medical capabilities have been deployed as the major medical elements of peacekeeping or humanitarian assistance forces. In Croatia, we are providing an Army hospital to support the United Nations peacekeeping forces. And, in Somalia, our medical services are supporting the humanitarian and peacekeeping forces feeding the starving population. These are not new roles for our medical support forces since we have accomplished these initiatives for many years. However,

with our country's broader involvement in world leadership, these efforts may signal a more formal role in our military medical support mission.

Military medical support for our nation's national security objectives has always been rapidly responsive and uniquely capable.

#### CLOSING

The course charted for military medicine is one designed to provide accountable, integrated management of military medical resources; a course crafted to provide high quality, cost effective health care to as many of our beneficiaries as possible. It is a course which will accommodate the diverse and complex interests attendant to medicine in this country today, while offering the flexibility for military medicine to embrace any mission responsibilities deriving from our national defense posture, as well as the recommendations emanating from the White House Task Force on Health Care Reform. It is a course that will enable the Military Health Services System to improve its ability to meet its mission of readiness, and to provide improved health care delivery for our beneficiaries in the face of tomorrow's challenges.

Senator INOUE. Thank you very much, Dr. Koenig. It must be obvious to one and all here that we on this committee are not properly equipped to deal on these complex matters, but we are mandated to make decisions that will have an impact upon your activities, and as a result we have gone along with your recommendations and suggestions and approved funding for demonstration programs.

#### LESSONS LEARNED FROM DEMONSTRATIONS

I gather that some of the demonstration programs, as you noted, have been completed. Have we learned anything from these programs and are we in the process of coming forth with some definitive policy or program that would be applicable to our medical services?

Dr. MARTIN. Mr. Chairman, the evaluation, the more sophisticated evaluation of some of the demonstrations like that of Rand for both the CRI and the CAM are not yet completed.

However, we believe that we have learned a great deal from those demonstrations and others, like CPA and the experiences of the services in the CAM projects and in the first 2 years of Gateway implementation, such that we feel now that we have a model which is specifically sensitive to the unique requirements of military medicine. Essentially, that model represents a consolidation of the lessons learned from the CAM experiment, which was basically built around military treatment facilities [MTF], where the MTF had a very substantial role in the immediate catchment area, but a minimal role external to that, and the CRI demonstration, where we learned about the experiences associated with regional contracts.

Our current estimate is that, particularly in the face of what we believe to be the concept of accountable health plans, and at least what is publicly stated relative to the President's plan, a combination of these two models is the best approach. And that, indeed, the crucial lessons learned from CAM, that military commanders can run effective managed care programs, coupled with a regional at-risk contract in a much broader geographic area. These lessons provide us a model where, for example, Tripler would assume the whole responsibility for Hawaii and the Pacific, San Diego for southern California, Madigan for Washington, Oregon, in essentially a lead agent and triservice effort.

So I think that we positioned ourselves fortunately by having these demonstrations, which have, in fact, been very strongly supported by this committee, to put together an approach which we believe will be harmonious with the general outlines of the President's plan, and will provide for assurance of the role of the military commanders in that system. Although it will require some changes in regards to lead agent roles, we think we have come to a point where there no longer needs to be a debate between alternatives, but rather a coalescence of all of those alternatives into a viable approach which incorporates the best of all, and builds on the lessons we learned in all three.

Senator INOUE. Dr. Martin, before I call on Admiral Hagen to speak in behalf of the surgeons general, one more question, so I have an understanding of what I am dealing with.

#### MANAGED CARE

The two words that appear quite often now in our debates on the national health reform program, managed care, does that have the same meaning with managed care as you speak of in your testimony?

Dr. MARTIN. Yes, sir; I would have to say the principal elements of the President's plan very clearly have been and even more clearly today are incorporated in what our current estimate of the plan ought to be.

They include the gatekeeper concept, the concept of enrollment, the concept of capitated funding, the concept of regional accountability in delivery of care, where we work in a cost-competitive environment, given our unique circumstances. So, I would have to say that at least managed competition, or managed care, in the sense that it is being developed for the Nation, is, as we now understand it, clearly compatible with what we believe is the coalescence of the lessons we learned.

In one way we have been lucky. We have experimented within our system very broadly over the last 3 or 4 years in anticipation of moving these models, which are very congruent with what I believe is going to be reflected in the President's report, although it is premature to say what the exact specifics are.

I am fairly comfortable in saying we will be quite pleased, relative to what our experience is and what our capability is for the future.

Senator INOUE. Thank you very much.

#### STATEMENT OF VICE ADM. DONALD F. HAGEN, M.D., U.S. NAVY, SURGEON GENERAL OF THE NAVY

Senator INOUE. Admiral Hagen.

Admiral HAGEN. Mr. Chairman, it is a great honor for me to be here today and speak for the other surgeons general and myself to this committee. We are very appreciative of your support in the past and I think that having us speak gives a little unique military perspective from the services, so I am pleased you have agreed to accept our formal statements for the record, and I will briefly summarize.

## INTEROPERABILITY AND JOINTNESS

Mr. Chairman, I cannot recall a time in history when the three services' surgeons general have worked together so closely as we have recently. Interoperability and jointness are fundamental objectives of the military health care service system.

In fact, I would argue that for the first time we are almost approaching systemslike performance. We work together, we train together, and we deploy together to a far greater extent than we have before.

## MILITARY MEDICAL MISSION CAPABILITY

From the Tricare project in Tidewater VA, to Operation Restore Hope in Somalia, from the hurricane-devastated areas in Florida to the Adriatic Sea, and now the simmering cauldron in the Balkans, we are demonstrating that our strength indeed lies in our diversity.

Each of us has unique capabilities, experience, training and equipment which can best be tailored by area CINC's to make the best fit of capabilities for requirements, and we showed that in Somalia, how you can use each element together.

Each of us has the same primary responsibility, which is to provide prompt and effective health care to the operating forces in time of conflict and deliver cost-effective health care in peacetime to our beneficiaries, but these missions are integrally related, and so I think that your first question is very important to us.

These missions complement one another. They should not be considered separately. Both roles require military medical departments that are vigorous, well-trained, and capable of delivering quality care to the right place in a timely fashion.

Sustaining combat strength across the continuum of care from the peacekeeping and nation-building operations through high-intensity conflict is critical to our national security. Our training, our research and development, our deployable medical systems, and our health promotion programs help us ensure that our forces are ready to deploy. Our deployable systems are available when and where needed, properly staffed with appropriately trained and experienced providers.

Because of the changing world situation, we are reexamining the need for large prepositioned medical facilities. We are also looking at our deployable medical systems and evaluating design alternatives which will make them more compatible with the flexible response required in this new world order.

Your continued support for maintenance of these systems will ensure that they are available to American men and women placed in harm's way as they meet the national security objectives.

Unlike most other military activities, when our medical people are not deployed, they are training by practicing exactly what they would be asked to do in combat—treating or supporting the treatment of patients, teaching healthful life style choices, and preserving health in the workplace. They are also providing high-value health care services to active and retired military personnel and their families.

We recognize that we have a responsibility to both our patients and the taxpayer. Our patients want and deserve appropriate ac-

cess to care and the American taxpayer demands control of cost. We believe managed care is the answer to both of these important needs. We know it works in our demonstration efforts and we are confident that we have the talent and know-how to make it work for us across our system.

General LaNoue, General Sloan, and I are working hard to improve the efficiency and effectiveness of our systems. The Army's Gateway to Care, the Air Force's Global Care, and the Navy's coordinated care programs are implementing innovative ways of providing health care services in a vast array of settings.

#### DEMONSTRATION PROJECTS INVALUABLE

We have learned many valuable lessons from the various DOD demonstration projects. The catchment area management projects and the CHAMPUS reform initiative were particularly instructive. We have taken the most successful elements of these projects and incorporated them into our managed care programs.

By applying these lessons, adding sound business practices, and by giving the local hospital commanders their flexibility and resources to design and implement the program best suited for their area beneficiaries, we have developed systems that will enable us to control cost without reducing quality or access to care.

Our experiences with managed care have also served us well as we prepare for more base closures. We see opportunities for rebalancing our systems as a result of these closures. They are also unique opportunities for the three of us working together to maximize the synergy of our capabilities. We will capitalize on these at every opportunity.

#### HEALTH PROMOTION

Healthier life styles improve the quality of life for most people. Choosing to smoke or not to smoke, or to stop smoking, is a choice that we are facing with our people, and we are very concerned about the amount of smoking in the Navy. We are also teaching people how to participate in regular physical activity, eating less fat. All these things help prevent disease and preserve precious health care resources.

Promoting these wellness lifestyle changes among our people is an investment in reducing America's future health care cost, which is of grave concern to us as the aging population continues to come to our doors.

Prevention and wellness need to be our first choice over treatment and illness. There is no greater force multiplier at our disposal than our health promotion and disease prevention programs, and in improving the lifestyle behaviors of our members and of their families.

Combat readiness begins with the individual. We are confident that our health promotion and disease prevention strategies will not only improve the individual's fitness for duty, but his or her quality of life as well.



## WOMEN IN THE MILITARY

In recent years, there has been increased attention focused on women in the military. Thanks in part to the nature of military medicine, we have long been on this course. We have deployed women to sea and we are preparing to send more women to sea, and womens' health at sea is a very important issue for us.

Today, women account for nearly 1 out of every 10 military jobs, as compared with 1 out of every 100 in 1969, and I am proud that military medicine has led the way.

During Operation Desert Shield and Desert Storm, our normally high ratio of women saw even greater levels of participation and integration of women medical personnel on the ground in field hospitals, on hospital ships, and in the air. As we continue to meet the challenges and opportunities presented by the new policies guidance, we are committed to continue to provide women assigned to our medical departments the maximum opportunity to serve, to contribute, and to compete, as they provide health care to our operating forces in a time of danger, or to our other beneficiaries in time of peace.

We likewise are committed to providing quality, accessible health care to all women in uniform. To this end, many of our military treatment facilities have set up womens' health clinics to serve the needs of their beneficiaries. By extending clinic hours for active duty women and streamlining physical exam procedures, we are increasing access for them and, more importantly, satisfaction on the part of women who rely on health care services to keep them healthy members of America's Armed Forces.

Like you, we await the details of the President's health care reform proposal. We are confident that military health care will be compatible with the major elements of the reform program.

## MILITARY MEDICINE IN LEADERSHIP ROLE

In many ways, we believe we are already leading the Nation in the development of large, nationally recognized, high-quality and economically managed care systems, and many of the features of what is being labeled managed competition have been in place in the military's health care system for some time, as you asked.

For example, we use global budgets. We offer to standardize the benefits package, individuals have choice in their health care plans, community rated coverage with no exclusion for health status or preexisting conditions, and one rate for all of those in the same plan.

Mr. Chairman, members of the committee, the soldiers, the sailors, the airmen and the marines who find themselves in harm's way and in need of the services of our dedicated military health care professionals ask for and need your continued support. They recognize what you have done for them in the past and they anticipate that you will continue to focus toward them and help them in the future.

It is a great honor for me to speak to you this morning and to speak for the other services and I would be happy to answer your questions.

[The statements follow:]

## STATEMENT OF VICE ADM. DONALD F. HAGEN

## INTRODUCTION

Mr. Chairman, thank you for the honor of testifying before your committee in support of our plans for shaping the future of Navy medicine. This has been an exciting and eventful year for both the Navy and the Navy Medical Department; a year for setting a completely new course for the Navy/Marine Corps team. Navy medicine is an integral part of this fast moving, forward leaning team that's going to take the Navy into the 21st century. We are committed to providing quality health care to ensure the health of the Navy/Marine Corps team while they safeguard our interests in a new and dynamic security environment.

I ask you to consider, for a moment, a typical day in Navy medicine . . . November 18th, 1992. At 11 a.m., LCDR Stuart Versman, Medical Corps, United States Navy, had just finished his seventh surgical procedure of the day when the corpsman wheeled in the last patient, a hernia repair. The only surgeon assigned to this busy medical treatment facility, he wonders where his morning has gone.

The rest of the facility is busy, too. The nurse is admitting his second patient of the day to the ward; there'll be two more by the end of the day, including a medevac from a nearby smaller treatment facility.

The ambulatory care staff has had a particularly hectic morning, and by the end of the day they will have seen 51 patients. This load has kept the crew in ancillary services busy as well. The X-ray tech will shoot 20 films before he calls it a day; Petty Officer Grubbs will fill 65 prescriptions; and the corpsmen in physical exams will see nine patients while being frustrated by several no-shows who couldn't break away from their duties to keep their appointments.

One floor below, CDR Smith, the oral surgeon, is completing his second surgical extraction of the day; the dental technician quickly prepares for the next patient, who will undergo a rather complicated jaw repair procedure.

A typical day in Navy medicine, 100 miles off the coast of North Carolina, aboard the carrier U.S.S. *Theodore Roosevelt*.

As this statement will affirm, Navy medicine's ability to carry out its unique mission through coordinated health care operations, efficient management of resources, with dedicated, highly skilled professionals, makes it possible for us to provide high value in health care services to our Navy/Marine Corps family.

## MISSIONS AND FUNCTIONS

In this time of change and new directions, the mission of the Bureau of Medicine and surgery remains clear: to provide prompt and effective health care to combat forces in time of conflict, and to deliver cost-effective health care services in peacetime.

The new policy direction for the Navy and Marine Corps team, as detailed in the Navy's white paper ". . . From the Sea," calls for greater Navy and Marine Corps cooperation as well as greater cooperation among all the services. Thanks in part, to the nature of our business, we have long been on this course. Through the Composite Health Care System (CHCS) and coordinated care program initiatives, the services' medical departments have drawn together and formed an alliance to best serve our customers. I can't remember a time in my career when the uniformed services have worked so closely together.

Our mission and functions are based on a solid foundation that maintains an effective balance among clinical care, education, and research. Access to high quality clinical care in a variety of locations is essential to the morale, welfare and retention and, indeed, the fighting capabilities of our all volunteer force. Our teaching and training facilities provide high quality medical care to our beneficiaries, and the education and training needed to maintain the medical force. Research, both basic and applied, provides the intellectual capital and solutions to problems across the spectrum of peacetime to wartime health care delivery.

Today, the Navy operates 33 hospitals in the United States and overseas (three are comprehensive teaching hospitals, one has limited residency programs, and five are family practice teaching hospitals), 182 medical clinics, 22 dental centers and 150 dental clinics. These are exclusive of medical/dental facilities on U.S. Navy ships or assigned to U.S. Marine Corps units. In fiscal year 1992, our direct care system, including our NAVCARE clinics, accounted for over 190,000 hospital admissions and over 13,000,000 outpatient visits.

As the military departments are downsizing, we are analyzing the needs of all our facilities and working to maximize availability of care while minimizing costs. We have had some decisions made for us. When the U.S. military left the Philippines this year, we closed Naval Hospital and Naval Dental Center, Subic Bay. As a result

of the Base Realignment and Closure Commission (BRAC), Naval Hospital, Philadelphia became a Naval Medical Clinic last year and Naval Dental Center, Philadelphia is scheduled to close this summer. In addition, Naval Hospital, Long Beach, is scheduled to close in early 1994 and will become a Naval Medical Clinic.

Navy medicine reaches far beyond the walls of our medical and dental treatment facilities, into institutions that provide training, specialization, and research activities that support our medical missions.

The Naval Aerospace and Operational Medical Institute in Pensacola, Florida, is the focus of all our aerospace and related operational medicine activities. These include graduate medical education and training, longitudinal health studies in support of former prisoners of war, and clinical consultations to the Fleet and Fleet Marine Force.

The Naval Ophthalmic Support and Training Activity is located in Yorktown, Virginia. This facility provides prescription eyewear and optical gas mask inserts for all DOD active duty personnel and trains hospital corpsmen as opticians.

All of the information processing systems under our control are developed and coordinated by our Naval Medical Information Management Center located in Bethesda, Maryland. The Center is playing a key role in the deployment of the Composite Health Care System (CHCS) to our medical treatment facilities starting this year.

The Naval Medical logistics Command at Fort Detrick, Maryland, recommends Navy medical and dental materiel policies and provides logistic support to the operating forces and shore activities. It cooperates with other agencies to evaluate the effectiveness of the wholesale military medical supply distribution system.

The Navy Environmental Health Center in Norfolk, Virginia, is Navy's equivalent of the Public Health Service's Centers for Disease Control. It is responsible for tracking infectious disease, for preventive medicine measures, and for environmental and occupational health.

The Naval Health Sciences Education and Training Command, also located at Bethesda, operates the Naval Schools of Health Sciences and Hospital Corps Schools. This command also trains medical personnel and oversees outservice and inservice education programs.

The Bureau of Medicine and Surgery also oversees medical and dental research, investigating innovative ways to keep naval forces healthy and able to carry out their missions. This is accomplished through the Naval Medical Research and Development Command in Bethesda, Maryland, which has responsibility for the Naval Medical Research Institute, Naval Health Research Center, Naval Dental Research Institute, Naval Medical Research Units, Naval Biodynamics Laboratory, Naval Submarine Medical Research Laboratory, and Naval Aerospace Medical Research Laboratory. All of these activities contribute materially to Navy medicine's ability to support the operating forces of the Navy and Marine Corps, and to provide quality health services to Navy and Marine Corps families—active and retired.

#### HEALTH CARE OPERATIONS

##### *Planning*

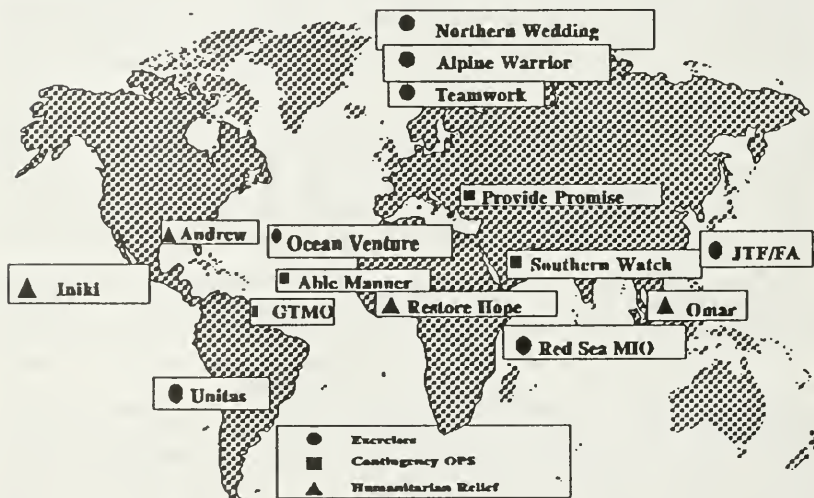
We are facing a time of unprecedented change and uncertainty in military health care. Navy medicine must have in place a clearly articulated plan to chart our course through these unpredictable seas. This means being responsive to all our customers: our Navy/Marine Corps team operating from the sea, as well as our beneficiaries here at home and around the world. To achieve this goal, I have implemented a health care planning process which will forecast the health care services required by our customers and design catchment-area-specific managed care plans to ensure cost-effective access to those services. We are examining population demographics; projected morbidity; health promotion guidelines; past use of services; the interrelationships among cost, quality, and access factors; trends affecting health care delivery policy and operations; outcomes assessment and evaluation; and naval, federal, and civilian health care capabilities in each catchment area. From this information, our medical treatment facility (MTF) commanding officers will then devise a plan for the most appropriate way to provide access to health care within their catchment areas. This planning process will enable us to reach the proper balance between making the health care business case and ensuring operational readiness.

Through this planning process, we will provide a clear rationale for the sizing of our active and reserve medical force. The force is first and foremost predicated upon providing mission-essential health care to operating forces and maintaining a peacetime rotation base to support these mission essential activities.

### Operational readiness

The Navy is forward deployed and globally distributed. Wherever Navy or Marine Corps personnel are deployed, Navy Medical Department personnel are there to support them. While medical support for the Navy and Marine Corps operating forces is deeply embedded in our direct care system, 30 percent of Navy medical personnel are assigned outside fixed facilities in direct support of our operational forces during peacetime. Navy medicine is an active participant in multi-service and multinational exercises designed to increase our ability to respond to the medical needs of operating forces worldwide. In fiscal year 1992, Navy medical personnel supported such exercises in Norway (Alpine Warrior, Teamwork, Northern Wedding) the Caribbean (Ocean Venture), and South America (Unitas).

## Operational Medicine 1992-93



Navy medicine stands poised to expand and capitalize on its traditional expeditionary role. We plan to reconfigure some of our Fleet Hospitals into more flexible, modularized units that can respond to unpredictable threats. These assets are already bought and paid for; utilizing them in innovative ways will increase our flexibility to respond to the needs of the fleet.

### Contingency operations

We are facing a time of increased demands upon our expeditionary forces. Navy medical personnel continue to support Maritime Interception Operations (MIO) in the Red Sea and the POW/MIA operations as part of the Joint Task Force Full Accounting (JTF-FA) in Southeast Asia. Navy medicine operates the only U.S. outpatient clinic in the Persian Gulf area (Southern Watch). In addition, 30 Navy medical personnel from our CONUS hospitals remain in Guantanamo Bay, Cuba, caring for HIV-positive Haitian migrants and their families who fled Haiti during the political unrest in late 1991. If there are significant numbers of new migrants during 1993, we will draw additional personnel from our direct care system to meet the increased requirement.

In early December 1992, Navy and Marine Corps expeditionary personnel were deployed to Somalia for relief operations providing security and delivering food and medical supplies to the starving population amidst the hostile tribal clans and warlords. Once again, Navy medicine quickly deployed significant medical capability "From the Sea." In less than two weeks, over 400 Navy medical personnel, including almost 150 personnel with specialized skills from our hospitals and research labs, were on station off the coast of Somalia. At the same time, Navy medical personnel were providing care to our forces operating in the Adriatic Sea off the coast of Bosnia. We are poised to augment that capability as necessary.

This past year provided numerous opportunities for Navy medicine to participate in humanitarian assistance operations. Navy medical personnel provided support to Southern Florida within days of Hurricane Andrew. At the same time, Guam endured the first of five typhoons. Typhoon Omar hit the island August 28th and caused \$500 million in damages. Although extensive damage was sustained, the U.S. Naval Hospital Guam maintained the island's only functioning emergency room. On November 23rd, the day when the last typhoon hit, six babies were born at the Naval Hospital. The Navy medical team was, as ever, standing by to assist.

#### *Managed care*

While nearly one-third of our Navy medical personnel are out supporting our operational forces, providing humanitarian relief, or participating in joint exercises, the rest of the Navy Medical team is running one of the largest health care systems in the world.

I am acutely aware of the focus on health care reform in this nation today. We have been working aggressively for the last three years to lead the way in providing quality health care in a cost-effective manner. Utilizing the effective management tools of Total Quality Leadership, we have developed initiatives to contain costs, increase access, and provide quality health care to our beneficiaries. Under the umbrella of managed care, we have built bridges with the community (Coordinated Care), capitalized on interservice cooperation (TRICARE), and extended our options for health care delivery to include the Veteran's Administration and the Uniformed Services Treatment Facilities.

A managed health care network is developed through local planning using multiple alternatives for delivering care to satisfy the needs of a prescribed beneficiary population. Navy medicine is working hard to establish managed care as the core of its peacetime health care operations. Our continuing challenge is to provide access to high quality health care for our beneficiaries to meet their needs in a cost-effective and timely manner.

The Department of Defense is implementing managed care through the Coordinated Care Program (CCP). Guided by centrally developed policies, local commanders are responsible for providing cost-effective health care to all beneficiaries in their catchment areas. They are given control of all DOD medical resources in those catchment areas, and are authorized to establish networks of civilian providers to augment the capabilities of military treatment facilities. As presently designed, full implementation of coordinated care offers our people three basic health care delivery options that we think are very important. These are (1) enrollment in Coordinated Care Plus (CC Plus) with assignment of a primary care case manager, controlled specialty care referrals, and modified CHAMPUS cost shares (HMO type model); (2) access to Coordinated Care Extra (CC Extra), our preferred provider network, with reduced CHAMPUS cost sharing (PPO type model); and (3) Coordinated Care Standard (CC Standard), the current CHAMPUS indemnity program. Health Care Finders assist beneficiaries in obtaining needed health care services within the MTF, the preferred provider network, and other local resources.

*CHAMPUS reform initiative (CRI): California and Hawaii.*—The CHAMPUS Reform Initiative (CRI) demonstration in California and Hawaii is nearing the end of its first five-year contract. Throughout the five years, Navy has been the largest customer of this Department of Defense contract, paying approximately 66 percent of the cost and having the majority of the participating beneficiaries. I am concerned about the total costs of providing health care services in the CRI demonstration areas. Navy has been working with the Office of the Assistant Secretary of Defense for Health Affairs to determine the financial implications of the CRI and the long-term value of the program.

*CHAMPUS reform initiative (CRI): New Orleans.*—The New Orleans CHAMPUS Reform Initiative Demonstration project started December 1, 1991. The project is the first major effort by the Department of Defense to provide managed care services to approximately 22,000 military beneficiaries living in an area not served by a military hospital—a "non catchment" area.

We expected to enroll 2,000 beneficiaries during the first year. We exceeded our most optimistic projection, enrolling over 6,000. Enrollment appears to have leveled off. A recent first year satisfaction survey indicates that our beneficiaries and local providers are very satisfied.

#### *TRICARE*

I am delighted that Navy was designated the lead agent for implementing the Triservice Coordinated Care Program (TRICARE) in the Tidewater area of Virginia, the first triservice coordinated care site. TRICARE is supported by a modification of the CHAMPUS fiscal intermediary (FI) contract. The FI developed a civilian pro-

vider network and is one of three customer service centers. TRICARE began operations on October 1, 1992, coordinating the care provided through all of the military facilities in the area and a participating provider network. TRICARE will begin operation of its HMO option later this year. During the first month of operation, the three TRICARE service centers handled 14,000 calls; Portsmouth alone has been averaging approximately 1,000 calls a day. I am proud to tell you that interservice cooperation in planning and implementing TRICARE has been superb.

By the end of fiscal year 1994, Naval Hospitals Camp Lejeune, Cherry Point, Corpus Christi, Beaufort, and Great Lakes will also implement the CCP. Remaining CONUS hospitals will implement the program in fiscal year 1995.

#### *Catchment area management*

The Charleston Catchment Area Management Demonstration (CAMCHAS) was designed to test the hypothesis that local control of medical resources within a catchment area can better coordinate overall health care delivery and control growth in health care costs. This demonstration project has been very successful and very well received. The program includes voluntary enrollment for CHAMPUS-eligible beneficiaries, encouraged by a 50 percent reduction of the standard deductible and an additional five percent reduction in cost share; an extensive civilian network established to augment MTF capability (offering negotiated discounts of 5-40 percent); and the "one stop" appointment service Health Care Finder, for all beneficiaries. From 1990 to 1992, the cost per admission under CAMCHAS demonstrated a lower rate of increase than CHAMPUS costs in the rest of South Carolina. Our success here reinforces our confidence in the benefits of coordinated care and our ability to manage the program.

#### *Noncatchment area management*

With the advent of base closures, the non-catchment area beneficiary population is growing. It is a challenge to the military health care system to provide adequate services to these beneficiaries. The Navy is participating in efforts to provide high quality, accessible, cost-effective health care services to beneficiaries who reside outside catchment areas.

The military health care system offers the nation a laboratory for testing health care reforms. It can offer pre-determined benefit structures, at graduated costs to its large numbers of beneficiaries. It can take advantage of its very large purchasing power in negotiating contracts, while permitting local freedom in experimenting with delivery alternatives.

Navy medicine continues to be involved in a wide range of health care delivery demonstration projects. In fact, nearly 60 percent of all Navy hospitals are involved in alternative care demonstrations. Several of the more significant ones are discussed below.

The fiscal year 1990 Authorization Act authorized DOD to use CHAMPUS funds to reimburse the Department of Veterans Affairs for medical care provided under Department of Defense/Veterans Affairs sharing agreements. This change permits combining workload to make better use of equipment, services, and staff, and provides health services for Veterans Affairs and Department of Defense beneficiary populations. There are 69 Navy/VA agreements in effect.

The Children with Disabilities project encourages MTFs to develop locally appropriate systems to manage access to appropriate services for children with serious disabilities and chronic long-term health conditions. Implementation of this program is now underway at Naval Hospital, Jacksonville, using a CHAMPUS Select contract for case management.

Through the European After-Hours Emergency Care Demonstration, 32 agreements have been signed to provide after-hours emergency care to active duty service members and their families who live in areas relatively remote from a DOD health care facility which provides 24-hour acute medical care. The program is in effect in Germany, Belgium, Italy, the Netherlands, Spain and Turkey. We are awaiting the results of an evaluation of this demonstration project which will allow us to make recommendations as to the expansion of this project into other communities and include an alternative delivery method for routine outpatient medical care.

The Family Practice Model at Naval Hospitals Newport, Rhode Island, and Rota, Spain, continues to be enormously popular with patients and staff. During 1992, Naval Hospital, Keflavik, Iceland, established a Family Practice model with primary care. The initial evaluation shows it has been very successful in controlling costs and has been well received by the patients. During 1993, we hope to establish another Family Practice model at Naval Hospital, Naples, Italy.

Navy medicine is committed to the primary care model of family practice that has become increasingly popular with our beneficiaries. I will continue to expand the

use of this model when resources become available. Camp Lejeune, North Carolina, would be an ideal location for such services.

The most important part of all these initiatives is the ability to provide our beneficiaries appropriate access to a wider range of health care services. Some, like the Certified Nurse Midwife Demonstration Project, are also reducing growth in CHAMPUS costs. This program uses Certified Nurse Midwives, (all Nurse Corps officers) supported by staff obstetricians, to provide the full spectrum of prenatal, delivery and postpartum care. The demonstration project at Naval Hospital, Camp Lejeune, North Carolina, is an unqualified success, with high patient satisfaction while doubling the number of annual in-house deliveries with a CHAMPUS cost avoidance of \$1,716,000. Based on the success of this program, I have increased nurse midwife billets from 4 to 22. This will allow me to offer midwifery services at Naval Hospitals, Camp Pendleton, Bremerton, Okinawa, Naples and Twentynine Palms.

#### *Health care contracting*

Providing for alternatives and flexibility within our health care system is critical to a well-rounded managed care program. Health care contracting continues to be a primary method of providing medical and dental care that would otherwise be unavailable in our treatment facilities. Contracting promotes competition, supplements our cadre of uniformed health care providers and is an integral part of the CCP. Contracting provides flexibility to respond to changing consumer demands and supply of military providers.

The NAVCARE program continues to be one of our most effective programs and provides over one million primary care clinic visits per year. This year, in response to patient concerns over waiting times, all of our NAVCARE clinics have gone to an appointment system. After some birth pains, this system is quickly maturing and should further improve our beneficiaries' access to care.

Nonpersonal and personal services contracts (NPSCs and PSCs) are the two principal methods of contracting for health care. Of these two, NPSCs typically require more effort on the part of the government to develop, award, and monitor; the contractor works to requirements identified in the performance work statement and provides his own malpractice liability. An example of NPSCs are our emergency medicine/acute ambulatory care (EMAC) contracts. Personal services contractors are woven into the fabric of the health care activity. They are supervised and scheduled by Navy personnel in our MTFs. Their malpractice liability is assumed by the government which reduces the cost of this service.

PSCs and NPSCs will be needed to meet the requirements of the CCP. I am concerned that the current compensation restriction on PSC's limits the effectiveness of our health care contracting initiatives, and consequently limits our ability to meet the demands of a dynamic coordinated care environment.

#### *Reserve contributory support*

Reserve support continues to be an integral part of our health care system. Our Navy medical reservists are structured in units designed to provide contributory support to our MTFs and tailored response to contingency operations. In addition to training for mobilization, reservists provide patient care during drill periods to supplement other providers. Reserve weekend programs, including our Same Day Surgery Programs at the National Naval Medical Center and Naval Hospitals, Oakland and Portsmouth, and our Women's Health Care Clinic at San Diego are prime examples of how reserve support contributes to reducing escalating CHAMPUS costs.

Reservists also remain ready to respond to crises. Our reserve backfill program has been realigned to provide matches for active duty medical personnel who deploy with fleet hospitals or the hospital ships. Two reserve fleet hospitals are receiving priority manning, training, and funding to ensure that they are ready at all times. During Operation Restore Hope in Somalia, a database of volunteer reservists was established. Over eight percent of our medical department reserves, 1300 reservists, called to volunteer their services. In addition to making us all very proud of their response, they will form the core of a permanent database of reservists available for voluntary recall in support of humanitarian and disaster relief missions.

Another added benefit of reserve contributory support is the talent and new ideas our medical reservists bring from the civilian community. A centralized credentials review and privileging system for reserve practitioners will soon be in place to facilitate increased contributory support. We are working with the Bureau of Naval Personnel to ease program restrictions and decrease processing time in order to increase our ability to use reserve medical support for recurring and emergent medical

needs. Our reserve medical component continues to make an invaluable contribution to our health care operations.

#### MEDICAL MATERIEL MANAGEMENT

One of our real success stories is the employment of effective business practices in logistics and materiel management. These efforts are focused on reducing the delivered and total life-cycle cost of medical equipment and materiel.

In June 1992, BUMED and the Department of Veterans Affairs reached their first agreement to contract for Prime Vendor Services for consumables. Prime Vendor contracts are designed to reduce procurement, ordering, and processing times by allowing an activity to order goods through a computerized ordering system provided by the vendor. Benefits of the Prime Vendor contract include increased customer service at the clinical level, reduced inventories and potential savings on open purchases. We are now testing this contract support for pharmaceuticals and medical/surgical materiel at 12 of our hospitals.

#### HEALTH CARE FACILITIES

We have made significant progress on improving medical facilities for our beneficiaries. Through your long-term support we have first class teaching hospitals in Bethesda and San Diego. Your most recent support for the major construction to replace the Naval Hospital at Portsmouth, Virginia, is beginning to take effect with the opening of a new parking structure. The \$330 million complex will be the keystone of military medicine in Tidewater Virginia when it is completed later this decade, and will serve DOD's largest beneficiary population well into the 21st century.

Likewise, you have supported our efforts to build smaller hospitals and medical and dental clinics at various locations. Those facilities send a direct signal to our sailors and Marines that we care about them and their families. We have learned the importance of quality of life issues to the morale and retention of the all volunteer force. These facilities are an insurance policy whose premiums are quite small when you consider how costly it is to constantly replace trained and experienced personnel.

In addition to replacing our older facilities, we have placed renewed emphasis on the maintenance of our existing facilities. We are investing in the repair and modernization of facilities to provide a safe and efficient environment for patients and staff. Unfortunately, our backlog of deficiencies continues to grow as our inventory ages and even more stringent standards are established. We are striving to address this growing backlog by boosting the maintenance of real property funding levels, but this is difficult in a shrinking budget environment.

I would like to continue on this point but on a different tack. I realize there is much concern over the authorization and appropriation of funds to build new facilities overseas. I, too, wish we had more host nation support for such efforts, but that is beyond my control. The Navy of the future will still be a forward-deployed force that requires logistical support from overseas locations. Our people will be stationed in forward locations and, for many, tour lengths will mandate that their families accompany them. Having adequate medical and dental facilities to serve their needs is paramount to our continued success. Many times there are no other options for our forces—we must do our best to serve them. I ask you to consider seriously the welfare of these outstanding men, women and children before making any decision to eliminate projects that directly serve those who sacrifice so much so far from home.

#### QUALITY OF HEALTH CARE OPERATIONS

The Navy Medical Department's day-to-day activities and responses to the challenges of the future are being guided by our continuing commitment to Total Quality Leadership. The underlying philosophy of changing the way we do business by focusing on our customers and analyzing our processes with a view toward continuous improvement is absolutely vital to our future success. The availability of a quality health care benefit is an important factor in retention of our Navy and Marine Corps personnel. We continue to educate, train and empower our people to improve the processes in which they participate. We are increasing the frequency of our team facilitator training and have developed a series of "second wave" courses to help our leaders continue the quality improvement journey.

Our intent has been clearly proclaimed through Navy Medicine's strategic plan, "Journey to Excellence". We will continue to measure and analyze how we do what we do to enhance our entire Navy medical care system. The results of a field survey we completed this year showed nearly 300 teams examining issues throughout Navy



medicine. We are beginning to examine the processes of clinical medicine to help us continue improving care for our patients. Such clinical "benchmarking" has the potential to revolutionize our teaching and research programs.

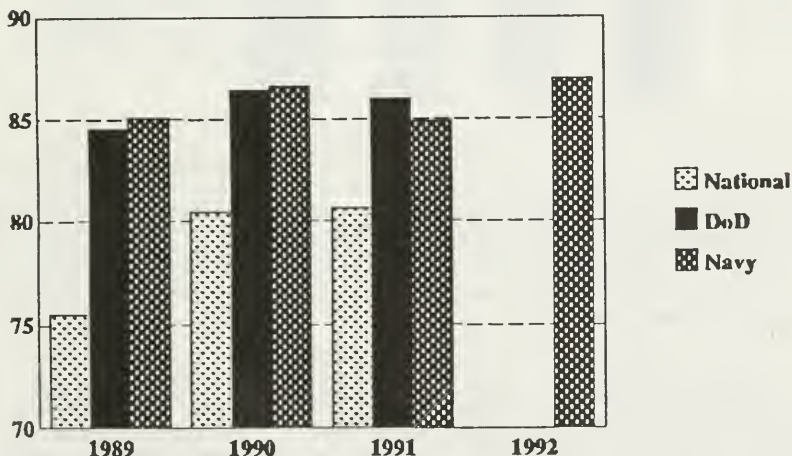
The challenge of improving how we do what we do is of overriding importance. With your support and encouragement, we will continue to apply the philosophy and concepts of Total Quality Leadership to improve our performance around the world.

#### *Joint Commission on Accreditation of Healthcare Organizations*

In 1992, the Navy once again achieved the very highest standards of quality care. Particularly impressive was the performance by Navy hospitals and clinics in Joint Commission on Accreditation of Healthcare Organizations (JCAHO) accreditation surveys. A key product of a JCAHO survey is the final summary score given on the Accreditation Decision Grid—essentially the "Final Grade" for the treatment facility evaluated. Our average score to date for hospitals and clinics surveyed in 1992 is 89.8. Last year's average was 87.5. In 1992, three of our clinics and hospitals received accreditation with commendation (an honor the Joint Commission reserves for a very small percent of the hospitals it surveys), and two ambulatory care clinics received a perfect score of 100. This is particularly gratifying in view of our increasing emphasis on outpatient care. Contrasting these results with the most recently published JCAHO average score of 80 for civilian hospitals again confirms Navy medicine's truly high performance standards.

## JCAHO Grid Score Outcome

### National : DoD : Navy



#### *Civilian external peer review project*

Navy medicine also received high marks from the Civilian External Peer Review Program (CEPRP). This congressionally-mandated program examines specific aspects of care in all Department of Defense hospitals and compares them to pre-determined standards using a complicated computerized model. I am gratified to report last year's performance was on the same superior level as in previous years. Specifically, Navy achieved an overall compliance rate of 96.1 percent for the period most recently reported (February 1990 through September 1991), during which 23,565 cases of care were reviewed. In approximately one quarter of the areas studied, there were no discrepancies found.

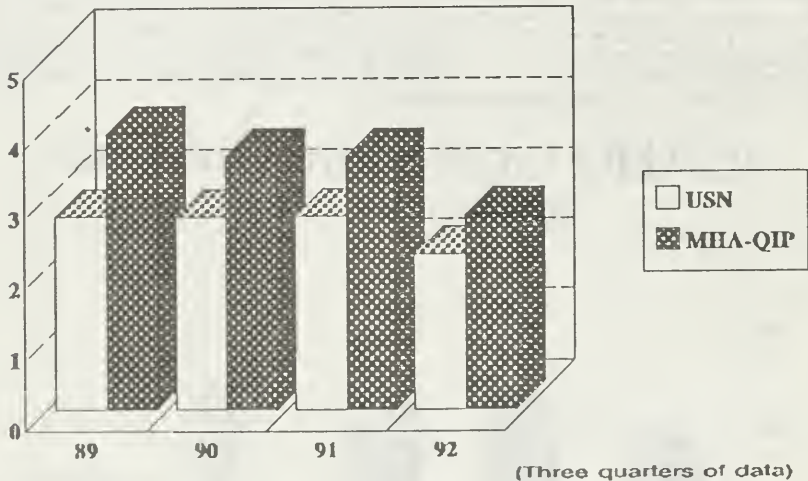
#### *Maryland Hospital Association quality indicator project*

Navy continues to participate in the Maryland Hospital Quality Indicator Project. This growing undertaking is receiving consistently favorable recognition in the national press. As a research project, it employs a series of 15 critical clinical indica-

tors, that monitor key areas of hospital performance. These include various aspects of mortality, infections, hospital admissions, and unexpected returns to special care units. Key areas of ambulatory care are covered as well, an especially significant point as we continue to increase our emphasis on outpatient care. Data from all Navy facilities and all other participating hospitals, including those of the Air Force and the civilian community, are aggregated and a "benchmark" score is generated. This score is transmitted to each hospital, allowing it to identify comparative strengths and weakness.

## MHA - QIP

### Hospital Acquired Infections



As in recent years, Navy again attained rates of untoward results consistently lower than the averages for the aggregated participants. An example of this is our rate of hospital acquired infections compared with the other participating hospitals over the last four years.

In sum, this has been a year of superior performance and still better quality throughout Navy medicine.

#### PROMOTING THE QUALITY OF LIFE

Healthier lifestyles improve the quality of life and health for most people. Choosing not to smoke or to quit smoking, participating in regular physical activity, and eating less fat prevent debilitating disease and preserve precious health care resources. Prevention and wellness need to be our choice over treatment and illness. The Navy Medical Department is therefore committed to providing our active duty members and their families with pro-active, medically based disease prevention and health promotion programs.

This year I have designated funds to support Health Promotion programs at our MTFs. Using the basic principles of Total Quality Leadership, managers can design and implement hospital-based programs for their regional and community populations. These programs will focus on promoting physical fitness, preventing tobacco use and substance abuse, preventing back injuries, managing stress, controlling hypertension, and improving nutrition. We continue to collaborate with the other military services to develop a DOD Health Risk Appraisal tool and establish priorities based on the nation's health promotion goals entitled, "Healthy People 2000." Additionally, we are working to develop a survey instrument that can be used routinely in the field, on board ships and ashore, to help monitor lifestyle behaviors and evaluate program effectiveness. This survey will allow commanders to decide what health promotion initiatives best serve their commands.

The Navy Medical Department is taking the lead toward accomplishing the "Tobacco Free Navy by the Year 2000" initiative. Navy medicine continues to be a strong advocate of disease prevention through health promotion for all its members and their families.

#### *Women's health issues*

Women's health issues are a major concern to Navy medicine. One of our highest priorities is to correct misperceptions about the quality of care provided to women in our beneficiary population.

Access to care has been perceived as a problem with respect to pap smears and mammograms. In October 1992, my staff conducted a survey at 50 of our medical treatment facilities that showed routine appointments were available within four weeks for pap smears in 96 percent of the cases and for mammography in 100 percent of all cases. Our NAVCARE sites offer routine mammogram and pap smear appointments. Most are scheduled for the day the request is received.

We are committed to continually improving the quality of care provided to the women we serve at our medical treatment facilities. By July 1993, notification of normal pap smear results will reach our female beneficiaries within two weeks, with the exception of isolated branch clinics and overseas duty stations, where the slides must be mailed out and read. Patients with abnormal results are already notified within 14 days. In addition, all of our mammography locations will be certified by October 1994, meeting the deadline required by the Mammography Quality Standards Act of 1992.

#### *Active duty dependent dental care*

The 1993 Defense Authorization and Appropriation Acts have expanded the Active Duty Dependent Dental Plan (DDP) to include limited specialty care. Dental care for military dependents, unlike medical care, has been almost non-existent on a "space available" basis in our Navy facilities.

The expanded DDP will ensure that active duty military dependents can obtain dental care at a reasonable cost when their sponsor is stationed within the United States, Puerto Rico or Guam. I am concerned, however, about our dependents accompanying their sponsors overseas and our ability to provide the same quality dental care to these beneficiaries in the future.

### RESEARCH AND DEVELOPMENT

Navy medical research is meeting our unique science and technology requirements while continuing to transfer technology to industry and to support industrial development of dual use medical technologies. Navy medicine has managed industrial participation in advanced technology demonstrations for wound healing, freeze-dried blood and hemoglobin, and techniques for auditory processing of targets in noise. Our Broad Agency Announcement and Small Business Innovation Research are other mechanisms for support of industrial technologies. A Naval Research Advisory Committee report, initiated by Navy medicine and provided to the Congress earlier this year, describes a government-industry agenda for developing blood substitutes. Navy medical research and development includes manufacturing technology (perfect-fit dental prostheses), industrial productivity (aircraft pilot selection), applications of biotechnology (DNA amplification for transplant donor matching or identification of biological samples), and development or testing of high-risk industrial technologies (e.g., vaccines, pharmaceuticals, diving decompression schedules, blood substitutes, a national marrow donor registry, non-invasive clinical chemistry, resuscitation fluids produced on site from concentrate). The Navy is a leader in medical technology sharing, with 19 cooperative research and development agreements in place and eight more in negotiation.

In response to a request by DOD for the consolidation of R&D laboratories, Project Reliance, after a series of evaluations, recommended the consolidation of all the services' blood substitute research programs at the Naval Medical Research Institute. Subsequently, and in addition to Project Reliance, the Base Realignment and Closure Commission also recommended that Army blood substitute researchers at Letterman Army Research Institute join their colleagues at the Naval Medical Research Institute. Our integrated Defense medical research capability and industrial partners are meeting national needs for blood substitute research and development.

The Navy is collaborating with scientists from the Henry M. Jackson Research Foundation by collecting data to support the development of globally effective vaccines against HIV. Navy overseas research and development labs are playing a major role in characterizing HIV among populations in Africa, Southeast Asia, and Europe.

The Navy malaria program, based at the Naval Medical Research Institute in Bethesda, Maryland, has received international recognition for its efforts to develop vaccines against malaria. The remarkable advances made in this program over the years have provided the foundation for deploying successful vaccines in the coming years. To succeed, we must continue to provide substantial support for vaccine development and testing in humans. Without such support, we jeopardize the health, readiness, and productivity of our operating forces and the 2.1 billion people who live in malarious areas of the world.

In recent military operations in Southwest Asia and Somalia, we were able to deal with natural and man-made threats to our personnel because we deployed high-technology equipment and uniformed research scientists from Navy medical research and development laboratories. We rapidly diagnosed epidemic infectious diseases and provided preventive treatment using Navy medical developments. We used innovative biological defense technology developed by Navy scientists.

At the request of the Joint Task Force Commander for Operation Restore Hope, Navy medical research and development personnel established the Joint Forward Laboratory (JFL) and the Army set up a Disease Surveillance Team in Mogadishu, Somalia. The addition of a rapid diagnostic laboratory capability by the JFL closely linked with an in-theater disease surveillance program allowed for the rapid and accurate collection of epidemiologic and clinical information on all admitted diarrhea and fever patients. For the first time ever, U.S. forces in the field had near real-time diagnostic capability which allowed timely and appropriate referral and treatment of patients with infectious diseases.

#### RESOURCES

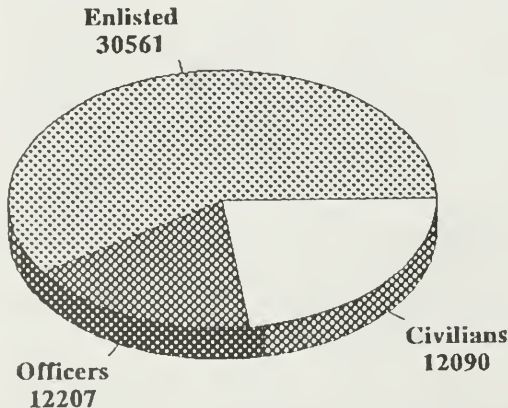
##### *Manpower and personnel*

Nothing measures our preparedness and value to this country more than Navy medicine's ability to respond to any situation with the right people. Recruiting and retention efforts are directed toward ensuring we have the best uniformed medical personnel available. As I stated earlier, our system must maintain a balance between clinical care, education and research; this balance is critical in attracting and retaining quality people who are in turn capable of responding to any contingency.

Like the other military services, the Navy is getting smaller. However, while the active duty force is decreasing significantly, our beneficiary population is not shrinking proportionately.

## Medical Department Personnel Fiscal Year 1992 Endstrength

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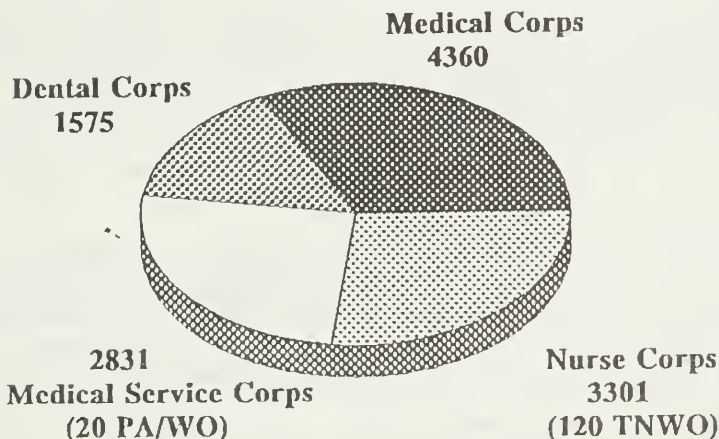


The fiscal year 1993 Authorization Act protects our current authorized staffing levels of 12,510 officers and over 30,000 enlisted hospital corpsmen and dental technicians. Our civilian personnel round out this quality health care team. We are de-

veloping more precise tools for assessing endstrength requirements through our strategic planning process.

Officer personnel within the Navy Medical Department include Medical, Dental, Nurse and Medical Service Corps officers. In addition, Technical Nurse and Physician Assistant Warrant Officers round out our Nurse and Medical Service Corps, respectively. Our medical department provides a multi-disciplinary team of dedicated health care professionals who direct the day-to-day operations of hospitals, clinics, wards, and laboratories on shore and at sea.

## MEDICAL DEPARTMENT OFFICERS ENDSTRENGTHII FOR FY 92



### *Medical Corps*

We are actively developing a zero-based requirements model that will allow us to ensure that we continue to meet our wartime, contingency, and peacetime medical corps and support requirements. The provider mix (primary care versus specialty) necessary to do this is under review. We are focusing on reducing the need for expensive specialist care through increasing access to primary and preventive care programs.

The F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program (AFHPSP) continues to be our primary Medical Corps recruitment source, accounting for well over 75 percent of our accessions (about 272 per year). Over 90 percent of general medical officers, flight surgeons, and undersea medical officers serving with operational units come to us from this program. This year we were granted 1,298 AFHPSP positions.

We have reduced our overall investment in Graduate Medical Education (GME) by eliminating marginal programs. In addition, this year for the first time we will hold a joint GME Board with the Army and Air Force to further streamline the process of meeting our DOD GME requirements.

The fiscal year 1991 National Defense Authorization Act authorized a new pay structure which included a multiyear special pay (MSP). This multiyear special pay is intended to improve retention, and when combined with the new incentive special pay (ISP) reduces the pay gap between military specialists and their civilian counterparts. The fiscal year 1992 National Defense Authorization Act provided an incentive special pay (ISP) intended to further improve retention. It also permits improved planning as we target those specialties in which we have a critical shortage. It is too early to cite any meaningful statistics on the effect of the new MSP/ISP on retention. I am concerned that as our new generations of physicians are no longer provided accrued medical school time for pay purposes that the pay gap between civilian and military physicians will increase despite the MSP/ISP. I am also concerned that this decreased pay coupled with the loss of additional special pay (ASP) upon entering residency training will further hamper our efforts to attract

quality applicants to our training programs, particularly into primary/preventive care programs.

### *Dental Corps*

Our ability to recruit and retain general and specialty trained dentists remains a matter of immense concern. Shortfalls in recruitment and retention center around three main issues: (1) educational indebtedness of newly accessed officers (in 1990 it averaged \$61,000, with extremes in excess of \$200,000); (2) pay disparity, particularly between military specialists and their civilian counterparts, which continues to increase; and (3) a decreased recruitment pool, caused by numerous dental school closures and decreasing interest in military service.

In spite of increased recruiting efforts, the Navy Dental Corps ended fiscal year 1992 below desired endstrength. The Dental Student Early Commissioning Program, once the backbone of our recruiting efforts, now produces lackluster results. Although a reduced goal for direct accession of general dentists was met, this effort was insufficient to compensate for higher than expected (25 percent) unprogrammed resignations and retirements. These trends highlight the difficulty of competing with civilian-sector employment opportunities. Their exceptionally high educational debts force dentists to seek these more remunerative initial alternatives.

Several corrective actions taken to date have demonstrated varying degrees of success. A Financial Assistance Program (FAP), introduced in 1991 to recruit oral and maxillofacial surgeons, is now fully subscribed. Providing monetary incentives to residents in their second and subsequent years of training in exchange for obligated service, it helps offset the numbers of surgeons resigning or retiring to take advantage of civilian opportunities.

The dental student Armed Forces Health Professions Scholarship Program (AFHPSP), restored in 1991, enjoys a high application rate. Unfortunately, fiscal constraints have kept the number of awarded scholarships from matching projected requirements. We are reassessing the allocation of Medical Department scholarships in an attempt to solve this problem.

Neither the FAP nor the AFHPSP addresses retention of junior officers, mid-career experienced general dentists, and/or residency-trained specialists. Their loss threatens the viability of the Navy Dental Corps in such vital areas as future leadership, training, research and patient care.

The continued vitality of the Navy Dental Corps, long accepted as the most cost effective provider of quality oral health care, is being threatened. We must continue to stimulate acceptable initiatives to monitor the competitiveness of military pay and provide quality of life and career opportunities that are competitive with the civilian community if we are to successfully recruit and retain qualified career professionals.

### *Medical Service Corps*

Health care administrators and health care science officers of diverse clinical and scientific specialties make up the Medical Service Corps (MSC). Our health care administrators are management specialists that support the Navy's efforts to ensure that quality, cost-effective care is available to all eligible beneficiaries worldwide. The health care science officers strengthen the Navy Medical Department's programs through the provision of critical scientific and clinical expertise.

Both communities have achieved excellence through specialized training and advanced education. Continued top performance and the ability to meet national licensure and certification regulations rely heavily on future advanced training opportunities in both inservice and outservice institutions. Through aggressive new recruiting strategies, we are close to achieving our overall endstrength target. However, certain MSC specialties continue to experience shortages. Shortfalls continue in recruiting and retaining physician assistants, occupational therapists, optometrists, dietitians and pharmacists. Scholarship programs and continuing education opportunities are current initiatives that have reached some levels of success.

The Health Services Collegiate Program (HSCP) was made available to pharmacy and physician assistant students last year. Ten pharmacists and eight physician assistants will enter the Navy next year as a result of HSCP. The shortage of qualified physician assistants (PAs) and a growing disparity between civilian and military starting salaries have inhibited our direct recruiting efforts. Our in-house physician assistant training program remains our primary source for meeting our accession requirements. Through congressional and Army supported programs we are training 12 to 17 additional physician assistants each year. Through a rigorous service training plan and continued HSCP enrollment we anticipate reaching our physician assistant endstrength target by 1997. Encouraged by the HSCP program's effective-

ness in attracting young health care professionals, we now offer it to occupational therapy, dietitians and industrial hygiene students.

The Armed Forces Health Professions Scholarship Program for optometry was reinstated in 1991. The AFHPSP positions for optometry fall short of our total accession requirements. We are working hard to make up the deficit through the direct accessions program. Increasing military and civilian pay disparities make recruiting these professionals extremely difficult.

The mainstay of our clinical psychology recruiting is the Navy's own internship training program. This program is essential to relating the practice of psychology to the military environment.

#### *Nurse Corps*

Through aggressive recruitment and retention efforts, the Nurse Corps will meet endstrength this year for the first time since 1985. The overwhelming success of all accession programs resulted in the arrival of 400 Nurse Corps ensigns in the late summer and fall of 1992.

This significant improvement in endstrength is the result of congressional support for our accession programs. The national nursing shortage will, however, continue to challenge direct appointment recruitment and other retention programs for the foreseeable future. We cannot afford to become complacent. We must maintain a balance in recruiting and retention initiatives to provide adequate professional practice compensation for our new, as well as our proven and experienced, officers. Retention and recruitment incentives will continue to be evaluated and monitored as methods to attract and retain the nursing professionals we need to meet our commitments.

Gaps between military and civilian salaries continue to affect the recruiting and retention of nurse specialists in particular. An area of major concern is with our certified registered nurse anesthetists (CRNAs). Civilian sector compensation far exceeds military compensation for these specialists, and the difference continues to increase. Special pay for CRNAs decreases this disparity and attracts these specialists to the Navy. We are working with the ASD(HA) to evaluate whether there may be a need for increased CRNA special pay. We continue to train specialists through our Full-time Outservice Training Program (FTOST) and have several nurses enrolled in anesthesia, midwifery, pediatrics, and obstetrics and gynecology nurse practitioner master's degree programs.

The utilization of non-baccalaureate degree nurses remains a component of our strategy to provide high-quality nursing care to our beneficiaries. Our Technical Nurse Warrant Program, started in 1990, has afforded an opportunity for 120 associate degree educated registered nurses to enter the Navy. They are assigned at four of our large hospitals—Bethesda, Oakland, Portsmouth and San Diego, and will rotate to selected medium-sized facilities this fall. In April, technical nurse warrant officers are being selected for full-time duty under instruction to complete a baccalaureate degree in nursing and qualify for a commission in the Nurse Corps. We are exploring additional opportunities for full-time outservice training for this talented group.

We are working with the Chief of Naval Personnel to alleviate the promotion disparity for nurses in legally controlled grades (O-4 through O-6). Compensation of control grade numbers from the unrestricted line community has allowed us to bring flowpoint and promotion opportunity to lieutenant commanders within Defense Officer Personnel Management Act (DOPMA) guidance. However, flowpoint to commander remains outside DOPMA guidance and we anticipate that flowpoint to captain will be outside DOPMA guidance within two years. To provide highly skilled nurses a viable career path with reasonable upward mobility, we continue to develop additional strategies. We are currently constrained by DOPMA from appointing nurse reserve officers who are unable to complete 20 years of commissioned service by age 55, as regular officers. Since 1989, under a waiver authority, the Navy has accessioned reserve nurses who can complete 20 years commissioned service by age 60, to meet the increased demand for nurses during the nationwide nursing shortage. The knowledge and experience of these nurses make them valuable members of the officer corps.

In its first cycle of proposal selection, the Triservice Nursing Research Group approved two Navy nursing research projects. One will help us identify the major sources and influences upon consumer choices in selecting health care delivery systems, thus facilitating our understanding of how our beneficiaries will make choices in a coordinated care system. The second will evaluate whether diet and exercise routines of Marine Corps officer candidates will influence certain cardiac risk factors. We are very encouraged by the number and quality of proposals that were submitted and appreciate continued congressional support for this research.

## ENLISTED PERSONNEL

*Dental technicians*

The Dental Technician (DT) rating is the smaller of our two enlisted health care communities. We are currently authorized 3,471 DTs with an actual onboard inventory of 3,427.

We combined the DT and the Hospital Corpsman (HM) administrative technician schools this past year and graduated our first class in October. This training provides both our Hospital Corpsmen and Dental Technicians with identical administrative training and makes these two ratings interchangeable in their abilities to provide administrative support to the two communities.

There are several initiatives dealing with our DT community. Specifically under review are: operating room dental technicians to work with the oral surgeons; dental hygienists, advanced technicians to clean teeth; and possibly incorporating emergency medical technician (EMT) training in dental technician school to meet their wartime role in the medical triage stations.

Retention in the dental rating continues to be excellent with a fiscal year average of 75 percent overall. This small but very vital community continues to provide state of the art dental services ashore, and at sea.

*Hospital corpsmen*

Hospital Corps manning continues to be excellent. With over 27,000 Hospital Corpsmen (HMs) on board at the end of fiscal year 1992, Navy medicine is able to fully man all billets.

In addition to graduating the first class of medical administrative technicians, we have established a new Navy Enlisted Classification code (NEC) for Marine Corps force reconnaissance unit corpsmen. This NEC allows us to provide better trained medical support to special operations of the Marine Corps. This year we have also enhanced training for laboratory technicians. To comply with the associate degree requirements of the Clinical Laboratory Improvement Act of 1988, we have begun initiatives to combine the basic and advanced laboratory technician program to give us better trained technicians. This proposal will satisfy the requirements for an associate degree.

Our efforts to provide college training toward degrees for all our Hospital Corpsmen continue. We are working closely with Servicemembers Opportunity Colleges Navy (SOCNAV) to provide additional associate degrees and to have more colleges participate in this very worthwhile program.

*Civilian personnel*

Our civilian personnel provide clinical, scientific, and support services and are an indispensable part of the Navy health care team. Excluding research and development, the total number of civilian personnel we had on board as of September 30, 1992, was 12,090, about 27 percent of our total work force. As with our uniformed health care professionals, we have been challenged in our recruitment and retention of clinical and clerical personnel in high-cost metropolitan areas. Job fairs, co-op programs and special pay initiatives have helped recruit the traditionally more difficult to hire personnel such as nurses and pharmacists. The retention allowance, and recruitment and relocation bonuses combined with our ability to pay greater than the first step of the pay grade authorized under the Federal Employees Pay Comparability Act, are assisting us in hiring for our difficult to fill positions. However, we continue to have problems in recruitment and retention of the high demand professional and support personnel needed to staff our treatment facilities.

## BUDGET OVERVIEW

The Navy medical budget supports the operational readiness of the Navy/Marine Corps team and provides quality health care to all of its beneficiaries—active duty, dependent, and retired. Maintaining the level and quality of our medical readiness and our peacetime health care will remain our greatest challenge for the foreseeable future.

We accomplish our mission through rigorous management of our resources. In fact, the costs of Navy medical care compare very favorably with national norms and with the expenditures of other government systems. However, this has not come about without paying the price of increased pressure on our staff and facilities to do more with less in a time of increasing demands for access to quality care.

We continue to work with ASD(HA) to develop and implement the Navy medical portion of the Defense Health Program. I deeply appreciate your continued ardent support for the medical personnel—active, reserve, and civilian—that makes the execution of the Navy's portion of the Defense Health Program possible.



## CONCLUSION

It has been quite a year, and I am very proud of the dedicated, capable, courageous and compassionate people who make up the Navy Medical Department. I believe that events have shown that no matter the challenge or change, the exceptional Navy medical team will always rise to meet it.

Today, the ship I spoke of earlier, the USS Theodore Roosevelt, operates off the coast of Bosnia in the Adriatic Sea. Whether 100 miles off the east coast or halfway around the world, our same dedicated and professional Navy medical team is standing by, ready to assist. The uniqueness of Navy medicine lies in the corporate investment we make on a day-to-day basis in education, research and clinical care, and in the dedicated professionals delivering this care, whether in our hospitals here, aboard ships at sea, or on a foreign shore.

Many changes are occurring in our national and defense medical policies. Navy medicine is committed to accepting the challenges of providing cost-effective, quality health care within the dynamic security environment and in the context of health care reform.

Over the past few years, we have revolutionized the management of a peacetime health care delivery system while being involved around the world in major operations, contingencies, and humanitarian missions. With constancy of purpose, we will continue to look for ways to control our costs while improving the quality of our health care services.

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**STATEMENT OF LT. GEN. ALCIDE M. LANOUE****INTRODUCTION**

Mr. Chairman and members of the Committee, I am Lieutenant General Alcide M. LaNoue, the Army Surgeon General. It is an honor to have this opportunity to appear before this committee for the first time as The Surgeon General and discuss Army health care programs and my vision of the future of Army health care. This committee has been an important source of support to the Army Medical Department (AMEDD) and I believe we continue to warrant your support of our steadfast efforts to improve wartime readiness and peacetime support of our total force Army family.

It is important that we recognize the changes that the Army Medical Department continues to face and our actions to respond to these changes. The past few years have brought the collapse of communist empires and ever growing economic pressures around the world.

The recent U.S. presidential elections have brought to government new leadership, energy and a president who has called for all Americans to participate in a performance review of our government and to consider how government can best serve this country. The administration has called for the investigation of fundamental assumptions in pursuit of programs which truly work, provide quality service, encourage innovation and reward hard work. The Army Medical Department is ready for this challenge in pursuit of readiness and quality health service support to all of our beneficiaries. I want to describe to you today the role that the Army Medical Department will play in response to global change and to the challenges to health care in support of the total Army.

**AMEDD MISSION**

The AMEDD remains one of the nation's largest comprehensive health care system and is responsible for the care of our total force of soldiers, retirees, and their family members. This responsibility is concurrent with the role of the AMEDD to maintain wartime readiness; the two responsibilities complement each other and should not be separately considered. Both roles require an Army Medical Department which is vigorous, well trained, and capable of delivering quality care at the right place in a timely fashion.

**READINESS**

Medical readiness encompasses the ability to maintain and project a level of health care resources sufficient to provide for the health of the force, guarantee quality health services to all beneficiaries and to mobilize, deploy and sustain medical support for any operation requiring military services. The deployed medical system will provide the soldier the preventive health measures, hands on treatment, evacuation and definitive health care essential to his or her well-being. Guarantee-

ing the soldier's health, welfare, and peace of mind while ensuring support to the family members left behind, requires the constant efforts of my office.

#### CURRENT OPERATIONS

The Army Medical Department remains a vital element in every operation to which the U.S. Army is committed. Contingency operations such as "Restore Hope" in Somalia, "Provide Comfort" in Florida and "Provide Promise" in Croatia are recent examples of just a few of these operations. While these missions provide an excellent real world training benefit for our clinicians and other health care support personnel, they do significantly impact on the day to day level of health care available to beneficiaries worldwide. The Army Medical Department uses its assets to provide daily health care to soldiers and their families, retirees and other beneficiaries. Therefore, any deployment of medical assets has a concomitant impact on the delivery of peacetime health care.

#### MEDICAL RESEARCH

Army Medical Research and Development Command (USAMRDC) continues to provide for medical technological superiority in support of the DOD mission to provide health services and products to our forces during military operations. Products include health care information, drugs, vaccines and health care diagnostic services. Emphasis is placed on protection from battle and non-battle threats to health, sustainment and amplification of individual operational capabilities, and state-of-the-art medical management of casualties. Army medical R&D is organized into the following functional areas: Military Disease Hazards, Medical Biological Defense, Combat Casualty Care, Army Systems Hazards, and Medical Chemical Defense. Tri-service issues are addressed via Joint Technology Coordinating Groups. The focus is on militarily unique requirements of field health care not adequately addressed by other public or private health care research organizations.

The interest of this committee in the development of clinical technology, such as the medical diagnostic imaging support (MDIS) system, has been well served. The continuing development of MDIS technology has made clinical consultations possible in remote locations and has application for medical support to rural and underserved areas throughout the United States. The early application of this technology by an Army medical team in Somalia has been a great success which effectively tied on-site efforts to a staff of medical experts at Walter Reed Army Medical Center. The Army Medical Department is very proud to be in the forefront of medical research and technological advancements which have such high promise for both military and civilian applications.

#### A NEW DIRECTION

I am excited at the opportunity to lead the Army Medical Department and my role to direct this organization into a more business-like approach to health care support. I see the AMEDD as a leader in quality health care delivery which remains at all times ready to support our soldiers, at home and abroad, accessible to the total Army family and accountable to the American people.

My foremost role as the new Surgeon General of the Army is to direct the fundamental reorganization of the AMEDD to better accomplish the complimentary readiness and peacetime health care missions. Thoughtful reorganization will adapt the AMEDD for the control of change and accommodate a smaller, less resourced force.

#### GATEWAY TO CARE

My transition program to DOD managed care, called Gateway to Care, is well under way. The Army continues to expand the Gateway program to the fullest extent possible under existing regulations and DOD guidelines.

Positive results in cost containment are already evident in our treatment facilities. Through March of this year the CONUS in-catchment area CHAMPUS expenditures have decreased by 8.75 percent while out of catchment area expenditures have risen 3.67 percent when compared to the corresponding period in fiscal year 1992. Additionally, out of 37 CONUS Army catchment areas 25 have shown a decrease when compared with the same period last year. Our long term CHAMPUS recapture is dependent on adequate investments in our direct care system and sound business practices of my commanders. Four of the last six months have shown lower CHAMPUS expenditures when compared to last year and so I anticipate that the total Army CHAMPUS program for fiscal year 1993 will be slightly

below the fiscal year 1992 expenditures of \$1.117 billion. This assumes that there will be no unforeseen staffing problems within Health Services Command which precludes our direct care efforts.

Gateway is an amalgam of the best lessons we learned from several managed care programs, most notably the Catchment Area Management program and the CHAMPUS Reform Initiatives. By applying these lessons, adding sound business practices, and giving local hospital commanders the flexibility and resources to design and implement the program best suited for their beneficiary populations, we have developed a system that will enable us to control costs without reducing quality and access to care.

The Dependent Dental Plan which became effective on 1 April of this year is another success story worth noting. The efforts of this committee to deepen the dental support available to our beneficiaries is appreciated. The initial experiences have been positive and illustrate the power of cooperation between Congress, The Department of Defense, and the Services.

#### THE CHALLENGE

Again, in the interests of the military beneficiary and taxpayer citizen I have directed an organizational review of The Army Medical Department and view this as one of my most important responsibilities as Surgeon General. In the current environment of expanding support requirements and shrinking resources I have called on organizational experts, both within and outside of the Department, to consider the redesign of the AMEDD which will promote efficiency, preserve the benefit, and eliminate duplication or overlap of efforts. The nation has been challenged to examine our assumed efficiencies, criticize the status quo, and promote effective and efficient service to the American taxpayer. To that end, I believe the Army and the AMEDD is already living up to the challenge and is developing a model for other health care systems to emulate.

#### THE BUDGET

To continue to fully develop the success of Gateway to Care, the health care budget must allow for incremental improvements through sound business practices accomplished with those resources needed to promote clinically appropriate standards of care. Consider that the Army Medical Department now delivers approximately 50 percent of the DOD health care workload with approximately 41 percent of the available health care dollars and you must realize that Gateway efforts continue to be a success story.

The focus should remain on the resources required by my local commanders to eliminate unnecessary and wasteful care and fully educate providers and beneficiaries to be responsible to the taxpaying public for the cost and utilization of this treasured health care benefit. I view the coming military health care budgets with great interest as an opportunity to refine the Gateway concept and realize even greater efficiencies.

#### CLOSE

In conclusion, the Army Medical Department is proud of it's service to the nation in peace and war. I reaffirm my commitment before you to providing quality health care to the soldiers and their families that we serve. The considerable challenge is to ensure that there is a balance of resources available to accomplish our complimentary missions of readiness and peacetime health care. Both call for competent and capable treatment of soldiers, the retiree, and their families. The Army Medical Department is deeply committed to our efforts to conserve the fighting strength and support our total force.

I appreciate this opportunity to appear before the committee and shall be happy to answer any questions you may now have.

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#### STATEMENT OF LT. GEN. ALEXANDER M. SLOAN

Mister Chairman and members of the committee, I am pleased to be here to discuss the progress and programs of the Air Force Medical Service. The past year was one of great challenge for Air Force medicine as we participated in the evolution toward a smaller but stronger Air Force. This is a time of change unprecedented in the history of the Air Force, and the Medical Service plays a crucial role in that dynamic process. We are dedicated to maintaining high-quality peacetime care for all our patients—active duty members, retirees, and their families—in an era of ris-

ing costs and fiscal restraint. At the same time, we continue to focus on the combat medical support of our people that is necessary to accomplish the Air Force mission of Global Reach/Global Power.

#### AIR FORCE GLOBAL CARE: IMPROVING ACCESS, CONTROLLING COSTS

Consistent with the civilian medical community, we are moving toward Air Force-wide managed care—what we call "Air Force Global Care." We have selected this name for our managed care program because it fits well with the Air Force concept of Global Reach, Global Power. We have a responsibility to both our patients and the taxpayer; our patients want and deserve "better access to care, and the taxpayer demands control of costs. We believe managed care is the answer to both of these important needs. We know it works in our demonstration efforts, and we are confident that we have the talent and know-how to make it work for us across our system.

The Air Force Catchment Area Management (CAM) demonstration projects—our first efforts at Air Force managed care—have continued to meet their objectives of containing CHAMPUS costs, enhancing quality of care, increasing patient accessibility to care, and improving patient and staff satisfaction. The Air Force has operated CAM demonstrations at Bergstrom AFB, in Austin, Texas, and Luke/Williams AFBs, in Phoenix, Ariz., for three years.

In the CAM demonstrations, the local medical facility commander has control over both the Operations and Maintenance (O&M) and CHAMPUS funding and is responsible for providing care in the military treatment facility or arranging for that care through a civilian network. The Air Force CAM projects feature an enrollment program, a comprehensive utilization management program, detailed management information support system, patient-provider relations programs, and in-house case management capabilities for high-cost areas. Health promotion, including self-care and preventive care, are also significant components of our program.

In the summer of 1992, the command surgeon's office at Air Combat Command, the executive agent for the CAM projects, conducted an internal assessment of the major trends associated with the projects. The results have been very encouraging and reinforce our belief that health care is a local issue best managed at the local level.

For example, our customer (provider and patient) satisfaction rate exceeds 98 percent. CHAMPUS utilization has been better controlled at the CAM sites than in DOD as a whole. While DOD had a 3 percent decline in CHAMPUS inpatient admissions in fiscal year 1991, CHAMPUS admissions declined 11 percent at Luke/Williams and 10 percent at Bergstrom. Similarly, while DOD had a 4 percent increase in CHAMPUS outpatient visits, Luke/Williams had a 4 percent decrease and Bergstrom a 9 percent decrease. Relating these changes to costs, our CHAMPUS expenditures decreased 3 percent at Luke/Williams and increased by only 2 percent at Bergstrom, while DOD nationwide had a 7 percent increase for the same period. Although these trends are based on our own internal assessment, the RAND Corporation is conducting an independent evaluation. The first written report has not yet been received, but the initial feedback from RAND supports our findings.

The CAM projects have proven that the Air Force can successfully implement managed care programs in our facilities. The many lessons we have learned from these projects have prepared us well to proliferate managed care programs throughout the Air Force Medical Service.

Along with our sister services, the Air Force is ready to transition to the DOD Coordinated Care Program (CCP) as soon as the implementing federal regulations are available. In the interim, we are embarking on Air Force Global Care '93, moving forward with our planning and training efforts to prepare our staffs and facilities for successful implementation of the CCP within the current directives and budget structure. Full implementation is targeted for the end of fiscal year 1995.

We are establishing Air Force Global Care service centers to offer "one-stop shopping" for all beneficiaries and to better manage the patient referral process. We will use the primary care manager concept integral to the CCP to the greatest degree possible under existing authorities and programs. Our external provider networks will be developed using Health Care Finder agreements. Providers will be asked to serve as primary care managers, process all referrals for specialty care through the military hospital, and agree to provide a discount off the CHAMPUS-allowable reimbursement rate. These networks will be non-exclusive, and any provider willing to meet the minimum prerequisites will be allowed to participate.

One of the special features to be included in Air Force coordinated care programs is InterQual, a complete utilization management review system. This system assists in making decisions concerning which diagnoses to admit, where patients need to

be admitted, how they are to be cared for, and when they no longer need to be in the acute care setting. Phase I of InterQual implementation began in October 1992. Phases II and III will be implemented in January 1994 and February 1995, respectively.

Air Force CCP also involves implementing patient education programs designed to instruct patients on self-care techniques, with emphasis on when to seek medical care and in what setting. We have had great success with this at our CAM sites, where any patient—not just an enrollee—was welcome to participate in the "Take Care of Yourself" program. Participants attended a four-hour training session led by hospital staff and were given a book that guides the patient in the appropriate use of the medical treatment facility. The book explains what symptoms require seeing a physician and which don't, and how to treat minor problems at home. The program is very popular with our patients and has helped decrease inappropriate utilization of emergency room services at our CAM sites by about 18 percent.

We have many programs already in place that provide the strong foundation of medical management resources for a successful Air Force managed care program. Among these are the Partnership program, the Health Care Finder program, Primary Care for the Uniformed Services (PRIMUS) clinics, the Alternate Use of CHAMPUS Funds program and Air Force Management Efficiency program.

In addition, the Department of Veterans Affairs/DOD Sharing program is an important resource in Air Force managed care. These sharing arrangements have improved both cost control and patient accessibility to care in the more than 50 Air Force MTFs that have them. The natural evolution of these arrangements into joint ventures is meeting with great success, and we will be expanding this program in the years ahead. We currently have one joint venture in operation (Kirtland AFB, N.M.), one under construction (Nellis AFB, Nev.), one about to begin construction—(Elmendorf AFB, Alaska), one in the design process (Travis AFB, Calif.), and others in the planning stages.

We have been working very closely with the staff of the Assistant Secretary of Defense for Health Affairs—ASD(HA)—to develop the automation support systems needed to support the CCP. These systems are being field tested and will be ready to go in the near future. We will use these systems to better manage our provider networks and patient referral process as soon as we begin receiving them.

We are also actively working with the other services in those areas of the country served by more than one military medical facility to ensure a uniform approach to CCP. These areas include the Tidewater region of Virginia, which has already implemented the CCP under special demonstration authority with a program called "TRICARE"; Colorado Springs, Colo., where Fort Carson, the Air Force Academy and Peterson AFB are located; Fayetteville, N.C., home of Fort Bragg and Pope AFB; and San Antonio, Texas, the area that includes Lackland, Kelly and Randolph AFBs and Fort Sam Houston.

In summary, as we pursue the proliferation of managed care throughout the Air Force Medical Service, many elements of the CAM projects will serve as the basis for Air Force Global Care. They demonstrate that we can successfully apply proven managed care principles in our business of providing and arranging care for our beneficiaries.

#### HEALTH PROMOTION AND DISEASE PREVENTION

Because health promotion and disease prevention efforts are vital to the long-term health and well-being of our Air Force family, they are fully integrated into Air Force Global Care. These programs are designed to achieve the goals of Healthy People 2000, the guidelines presented by the Department of Health and Human Services for improving America's health through the year 2000. Objectives include cutting health care costs, preventing premature onset of disease and disability, and helping those we serve achieve healthier, more productive lives.

The Air Force is actively involved in monitoring and improving the lifestyle behaviors of our members and their families. Since 1980, DOD has conducted five surveys of military personnel to determine the current prevalence of alcohol, drug and tobacco use. In 1985, health behavior questions were added and, in 1988, the survey began to assess the attitudes and knowledge about AIDS transmission and prevention. This survey provides the opportunity to assess the effectiveness of our health promotion and disease prevention educational programs.

I am proud to report the Air Force has shown a strong downward trend in substance use and abuse. Steady declines in Air Force illicit drug use, heavy alcohol use and cigarette smoking rates indicate our health promotions are making significant progress. Only 1.2 percent of the Air Force representative sample surveyed report illicit drug use, down from 12 percent in 1982. Air Force heavy alcohol use is

10.7 percent, down from 17.7 percent in 1982. Cigarette smoking in the Air Force is 29.2 percent, decreasing from 44.1 percent in 1982. The "good news" from the 1992 survey is an indicator that our health promotion and disease prevention programs are effectively changing attitudes and behaviors related to lifestyle among our active duty personnel. However, we will not rest on these reported successes.

Future programs will look at such issues as the harmful effects of passive smoke. We are aggressively pursuing a safe environment for smokers and nonsmokers, with the goal of a tobacco-free Air Force. We cannot overlook our responsibilities to improve the health and readiness of our force through effective tobacco reduction and other wellness programs.

A goal of Healthy People 2000 and DOD's Promoting Health 2000 program is to increase the proportion of food service operations that offer identifiable low-fat, low-calorie food choices. A new nutrition program called "Check It Out" will educate and motivate those eating in Air Force dining halls to select foods identified with a high-energy, eye-catching logo as the healthier choice. To determine our success in modifying nutrition behaviors, we will monitor selection of the Check It Out featured entrees. In addition, we will ensure that information and food labeling are in compliance with the Dietary Guidelines for Americans through periodic on-site checks of all Air Force food service facilities.

Another way we are promoting healthier living for our people is through changes to the Air Force physical fitness testing program. On Oct. 1, 1992, we began implementing annual cycle ergometry fitness testing for all members to help them achieve and maintain adequate fitness levels for personal health and military readiness. Cycle ergometry provides a safe, accurate, and reproducible measure of aerobic fitness. Our goal in the new program is to motivate a lifestyle change that will encourage the individual to work at a personal conditioning program throughout and beyond his or her Air Force career. Combat readiness begins with the individual, and we are confident that this new program will not only improve the individual's fitness for duty, but his or her quality of life as well.

We are already seeing positive results from the change to our fitness program. Although the Air Force-wide program was only implemented in October 1992, a segment of Air Force Materiel Command has been using the program for a year. With the lowest level of fitness being at category I and the highest at category VI, their data showed a complete "flipflop" in performance results after one year. At the beginning of the program, two-thirds of the personnel tested in the lower categories I, II and III, with one-third testing in the higher categories IV, V and VI. A year later, only one-third tested in the bottom three categories, with the remaining two-thirds in the top three categories. For obvious reasons, we're excited about the potential of this new program to improve the long-term fitness of our personnel.

#### BASE CLOSURES AND TRANSITIONAL HEALTH CARE

We currently have 11 medical treatment facilities in the Continental United States (CONUS) remaining on the Round I and Round II base closure lists. Six of these facilities are currently drawing down and will cease operations by Sept. 30, 1993. The remaining five will close during fiscal year 1994/95. Additionally, the names of five more facilities have been identified for closure during Round III and sent to the Base Closure and Realignment Commission for review before going to the President and Congress for approval.

We recognize the hardships many beneficiaries may experience as a result of the closure of military bases and hospitals in their communities. In that light, we are working with the other services and DOD to meet the needs of patients in closure areas. These joint efforts will provide the context in which post-closure health services are to be offered. In the meantime, the Air Force is attempting to respond to the special needs of our patients in a positive way by providing interim health care services through the Transitional Health Care Program, or "THCP."

This program, which has already been implemented at a number of closure sites, provides a range of services and capabilities that are valuable in such circumstances. These include health benefits advisory assistance, a robust and managed network of providers who accept CHAMPUS assignment, provider locator and referral support, and pharmacy services. The program will be available generally for a period of two years or less in each site. During that time, we will implement a permanent solution that DOD will offer in a coordinated care context.

At Myrtle Beach, S.C., our first THCP implementation site, Air Combat Command personnel expanded an existing provider network from about 20 participating providers to more than 80, which now encompasses a range of specialties. This expansion will increase local service access and ensure that more providers will process CHAMPUS claims for our beneficiaries and not balance bill them for services. We

are also assisting in locating local providers who accept Medicare assignment. A new beneficiary services center now serves as the hub for prescription pharmacy services. The pharmacy services offered through the THCP provide prescription medications as well as insulin and other supplies for diabetics at no cost to either our CHAMPUS or Medicare beneficiaries in the area. The services sustained through the THCP have been enthusiastically received by area beneficiaries.

#### MEDICAL SERVICE RESOURCES

The rising cost of health care and the ability to provide it to all beneficiaries within limited resources is a national concern shared by the Air Force Medical Service. In fiscal year 1992, the Defense Health Appropriation was created with the resources formerly allocated to the three services. Subsequently, funding shortfalls were identified in late fiscal year 1992 and fiscal year 1993. Because of the limited size and timing of the fiscal year 1992 shortfall, it was successfully addressed through a series of one-time cost cutting and deferral actions. Additional management actions have been implemented to address the fiscal year 1993 shortfall, but they will not be sufficient to cover the entire amount. A \$160 million reprogramming action from non-medical accounts for the remaining shortfall has been forwarded by the Air Force to the DOD comptroller.

The Air Force has been proactive in meeting the fiscal year 1993 budgetary challenges. Specifically, my staff began with a thorough review of each major command's medical financial program for fiscal year 1993 and instituted a series of cost-containment actions. Medical supply expenses were supported at 100 percent of need to prevent any budget shifts that might impact the availability of medicines and supplies. Civilian hiring was targeted at 93 percent of authorized spaces. This represents a relatively restrictive policy compared to the rest of the Air Force. Numerous other policies were recommended to the facility commanders for cost control, such as eliminating over-the-counter medications and replacing some high-cost drugs with less expensive, equally effective alternatives. Although these changes affect the manner in which the staff provides care, they should have no significant clinical impact and will not compromise the quality of care received.

Of course our most valuable resource is our people. We continue to focus on both the quantity and quality of our human resources—adequate numbers to provide the level of services our patients require, and the top-notch professionalism and talent our patients have come to expect from their providers.

Air Force medical manpower is projected to be relatively stable for the near term. While the active duty force will be reduced by approximately 28 percent by fiscal year 1999, the Medical Service will be reduced by about 4 percent through fiscal year 1999. This is the result of the fiscal year 1991 Authorization Act, which established a medical manpower floor. The Medical Service will redistribute all medical manpower assigned to bases scheduled to close in fiscal year 1993. As a result, the average number of medical personnel at each facility will grow. These additional personnel will allow us to buy out selected costly medical contracts, Alternate Use of CHAMPUS Funds projects, Management Efficiency projects, and Partnership provider memoranda. They also will help us to recapture CHAMPUS costs in high-cost areas.

#### RECRUITING AND RETENTION

The Air Force Medical Service continues to attract the highest caliber of health professionals through the outstanding efforts of the U.S. Air Force Recruiting Service. In fiscal year 1992, the Recruiting Service exceeded the Nurse Corps, Dental Corps, Medical Service Corps and Biomedical Service Corps recruiting goals, and produced more than 200 Medical Corps accessions—the most in recent history. We still have difficulty attracting and keeping people in some provider specialties, to include family practice, orthopedics, OB/GYN, radiology, endodontics and nurse anesthesia. Physical therapist, optometrist and physician assistant staffing has improved recently, yet remain specialties of continued concern.

The Financial Assistance Program continues to be a resounding success. More than 150 residents have participated in the program since it began in February 1990. The Nurse Accession Bonus is another continuing success story. More than 96 percent of eligible nurse recruits have taken this bonus. To remain competitive with the civilian market, we need innovative recruiting inducements.

Medical Service retention decreased in all corps during fiscal year 1992, most severely in the Nurse Corps and least severely in the Medical Service Corps. Possible contributors to this decline are the expiration of the initial multi-year special pay contracts for Medical Corps personnel, expiration of the Stop/Loss program imple-

mented during Operation Desert Shield/Storm, and participation in separation incentives by selected officers.

The Air Reserve Components are having some physician staffing difficulties since operations in the Persian Gulf. Although retention in the Air Force Reserve Individual Mobilization Augmentee (IMA) program causes us some concern, the Air Force Reserve unit program has suffered fewer losses. Air National Guard retention has remained stable. Dissatisfaction with financial implications and the necessary time commitment are reasons for this persistent loss of physicians.

With the dynamics of the global political environment and the focus on the reserves as a readily available manpower resource, physicians are finding the selected reserve less attractive. Your action in the fiscal year 1991 Defense Authorization Act—citing professional special pay as the way to correct the financial inequity reservists experienced—should help reverse this trend.

#### QUALITY HEALTH CARE

As key contributors to a Quality Air Force, we have followed the line of the Air Force lead in implementing quality improvement principles, focusing on training to properly learn the tools of Total Quality Management. We have embraced the process approach to quality improvement.

The quality of care we provide our beneficiaries is the best ever. The DOD Civilian External Peer Review Program has reviewed more than 67,000 Air Force cases since 1987. Only about 4 percent of the cases completely reviewed offered any opportunity to improve care.

The Air Force has completed its second full year of participation in the Maryland Hospital Association Quality Indicator Project. This outcome-oriented program measures 15 specific quality indicators within our 66 Air Force inpatient facilities. Our rates continue to be better than the norm when compared with the more than 400 hospitals participating in the project. Specifically, neonatal mortality and perioperative mortality maintain almost a zero rate. Our immunization programs are comprehensive and very successful.

We are pleased with the expansion of the Dependent Dental Plan and appreciate your efforts in making it happen. The plan now includes a full spectrum of dental benefits. Our patients have received the new plan with enthusiasm, and we are delighted with the outstanding opportunity it offers to enhance the oral health of our active duty family members.

The quality of Air Force care is high because our efforts to keep our people healthy go well beyond the clinical arena. The Air Force Medical Service plays an active role in environmental, safety and occupational health programs, and is a long-standing, recognized leader in protecting human health and the environment. Our programs for monitoring environmental exposures and protecting employee and community health have been at the forefront of science and public policy. In fact, regulatory agencies consistently rate the Air Force programs as some of the best they have seen.

We are heavily involved in risk evaluations associated with the Agency for Toxic Substances and Disease Registry; legislation such as the Clean Air, Safe Drinking Water, and Clean Water Acts; lead-based paint and Radon detection and mitigation; and base closures. Air Force commanders understand the importance of our environmental, safety and occupational health programs and are graded on how well they execute and meet program goals. These programs are not optional—they are essential to sustaining the operational mission.

Recognizing the need for an in-house resource, the Air Force chief of staff called for the development of the Air Force Center for Environmental Excellence. This field operating agency, established in June 1991, reports to the Air Force Civil Engineering community to provide the full range of technical and professional services to the Air Force in areas related to environmental restoration and planning, pollution prevention, architectural design and construction management. The contributions of Air Force Medical Service bioenvironmental engineers are crucial to these efforts. The center's outstanding work is proof of the Air Force's commitment to creating and maintaining a safe environment.

We recognize that education of our personnel and their families is the key to reducing emotional and mental, as well as physical, health problems. Nowhere is this more evident than in our Family Advocacy Program. In addition to providing treatment services for families already identified as having experienced maltreatment, and conducting research that is proving our services are making a difference for those families, Air Force Family Advocacy is focusing on prevention research, addressing the potential for family violence. Our research targets at-risk parents and is documenting reduced family conflict and abuse potential before an incident of



abuse even occurs. Systematic prevention services are also being evaluated through our collaborative research with Father Flanagan's Boys Town. Because more and more of our Air Force families are requesting the Boys Town Common Sense Parenting Program, we're expanding that prevention program.

We believe education has also had a major impact on the level of Post-Traumatic Stress Disorder, or PTSD, in our combat veterans. In an attempt to better gauge the occurrence of PTSD, we have analyzed the numbers and types of medical events and evacuations involving psychiatric casualties from both Operation Desert Storm and Operation Restore Hope (Somalia). Based on experiences in previous military operations, we have developed peer-led, pre-operational briefings and post-operational debriefings. We have made these briefings, as well as referral to mental health professionals, available to Air Force personnel through Air Force and Army providers and programs. Because of these efforts, we've had very few instances of personnel diagnosed with PTSD in either operation—in fact, lower than any previous conflict within the same duration of time. We will continue to monitor the impact of our preventive and early treatment services.

#### MEDICAL READINESS

Medical readiness continues to be our number-one priority. As world events demonstrate, we must be ready to meet the challenges of a more mobile and flexible response to contingencies while we pursue our efforts in drawing down to meet the new force structure.

While roles, missions and functions of the military are undergoing significant change, the primary function of the Air Force Medical Service remains constant: to provide trained and equipped medical personnel with the capability to assure the highest quality of medical care to Air Force combat and theater support forces. We can achieve this mission while adapting to those changes in our military posture and global commitments. Downsizing and reduced forward presence have generated the need to maintain capability by enhancing our medical readiness flexibility and mobility and the integration of our Air Reserve Component into medical theater support planning.

We are continuing the reductions of our large prepositioned DEPMEDS contingency hospitals in Europe and the Pacific. At completion in fiscal year 1994, we will have only four contingency hospital sites in Europe, down from nine sites, and one in the Pacific, down from three. Surplus materiel from these deactivated contingency hospitals will be used to fill other Air Force requirements or those of the other services. Upon completion, all residual materiel will be offered to the humanitarian assistance program.

Because of the changed world situation, we have a decreased requirement for prepositioned facilities, and a greater need for more mobile resources. Therefore, the DEPMEDS air transportable hospital, commonly referred to as the ATH, has now become the assemblage of necessity. We are in the process of slightly modifying the contents of the ATH to support extended periods of non-combat medical care as well as accommodating the increase in female personnel with greater gynecological capability. We are also increasing the maximum size from 50 beds to 90 beds by providing a hospital surgical expansion package of 40 beds with two operating tables. This addition will allow us to tailor the ATH to the mission with increments of 14, 25, 50 or 90 beds. Your continued support for maintenance of the downsized wartime assemblage program is critical.

In the area of medical readiness training, several changes have been implemented. During the past year, we have been reviewing and revising training policies to ensure effective and efficient use of training time and dollars. We are accomplishing this by focusing on mission-specific training, eliminating redundancies, and providing greater flexibility to our major commands and unit commanders in specifying training requirements. The advantage of the mission-specific training concept is its responsiveness to changes in "threat" and changes in our medical unit missions. This concept also promotes an outcome-oriented focus vs. a compliance-oriented program. In the tri-service arena, we are working with our service counterparts to conduct a comprehensive review of all medical readiness training. We will look at duplicative training efforts and will evaluate the feasibility of additional joint training. The bottom line is getting the most for our training dollar while maintaining our readiness posture.

Restructuring of Guard and Reserve units is continuing, in response to both the "lessons learned" from Operation Desert Storm and to the planning and operational requirements of the new planning cycle. The aeromedical evacuation Unit Type Code (UTC) restructure plan is complete and will be implemented this fiscal year. The medical unit UTC restructure plan is nearing completion. Once the restructur-

ing is fully completed, we will have an improved flexibility for mission tasking and an enhanced "mirror image" relationship between active and reserve units.

In the aeromedical evacuation arena, we anticipate DOD will approve the proposal of the U.S. Transportation Command (USTRANSCOM) to assume process management responsibility for aeromedical evacuation regulating. Implementing this proposal will establish USTRANSCOM's new mission of intertheater medical regulating, enabling the command to enhance the aeromedical evacuation system's ability to manage and monitor patients throughout the evacuation process. The mission transfer to USTRANSCOM will also facilitate the support of future contingencies without disrupting the system's day-to-day operations.

We expect delivery of 44 Boeing 767 Medical Civil Reserve Fleet (CRAF) shipsets to be completed this year. These shipsets are used to convert commercial aircraft to accommodate litter and ambulatory patients. We are continuing to pursue commitment of aircraft to this program, as we have only 13 aircraft committed to date.

Although many people consider the world a safer place today following the many momentous geopolitical changes that have occurred in recent years, I can assure you that the military's business has not dropped off! Speaking from the Medical Service perspective, the Air Force is working closely with the Army and Navy in a spirit of true interservice cooperation to help people in need around the world. Each service brings to these efforts its unique abilities, experience and resources. Together, we complement each other in a manner that will be ever more crucial in the years ahead as we perform our mission in a new global environment.

The Air Force Medical Service, like our sister services, is dedicated to its role in international efforts to relieve human suffering and provide humanitarian assistance and disaster relief. The Air Force stood ready to give aeromedical evacuation and medical support to disaster victims from Hurricane Andrew when it hit Florida in August 1992. We erected a 14-bed air transportable hospital at Homestead AFB to support recovery efforts and established a satellite pharmacy and health benefits advisory operation for eligible beneficiaries from the base and the surrounding area. In support of Operation Restore Hope, the Air Force deployed 240 medical personnel to participate in relief operations, and some 100 remain. The aeromedical evacuation support system is still in place and includes a 25-bed ATH at Cairo West plus strategically placed air transportable clinics throughout the theater.

#### HEALTH CARE REFORM

As of the date of this statement, the details of the President's health care reform package are not yet known. However, I am confident that Air Force health care will be compatible with the major elements of the reform program and can compete as an accountable health plan. Many of the features of the managed competition approach have been in place in the Air Force for some time now: We use global budgets; we offer a standardized benefits package; individuals have choice in their health care plans; there is no exclusion for health status or pre-existing conditions; and all those in one plan pay the same rates. Nevertheless, Air Force health care will change as a result of national health care reform. While we must retain sufficient capability to meet our readiness requirements, the capacity of our system above that level could well be based on our ability to compete on a level playing field.

Members of Congress, the men and women of the Air Force Medical Service are in your debt for enabling us to fulfill our vital mission to this great nation, and I urge your continued support in the challenging years ahead.

#### MILITARY MEDICAL FUNDING

Senator INOUE. Admiral Hagen, thank you very much. You can be sure that we will do our best to provide everything that is necessary. Therefore, we will listen to your recommendations on how best to serve the men and women in uniform.

I will be submitting several questions related to managed care on CRI, Gateway, CAM, and the Rand findings. I do not think this is the forum to be discussing that. It is too complicated. I would like to have it in writing and have the staff look it over and so to all of the members of the surgeons general and to you, sir, we will be submitting these questions.

Senator Cochran touched upon a matter of some concern to me. At one glance, one may get the impression that we have done well

for the medical services because we have not reduced your funding. It has gone up something like .06, or something like that. One can argue and say well, men and women did well. We are having a drawdown and yet we did not cut expenses.

But we all know that today the situation is slightly different from the time I was in the service. When I was in the service, 95 percent of the men in my regiment had no dependents. Just 5 percent were married or had dependents.

Today, over one-half of the men and women in service in all areas have dependents. So it is understandable when one goes to a military hospital you will see more gynecologists than orthopedic surgeons, and you will see more women and children than active duty personnel.

It is true, active duty personnel may be minimized in a sense because of the drawdown, but the retired personnel, the dependency group, is continuing to grow. I have been told, as Senator Cochran has been told, that you will need more than \$400 million if you are required to carry out the services mandated to you. Is that correct?

Dr. MARTIN. Yes, sir; it is correct. The budget that we have, as I indicated in the briefer statement, really reflects a process that was undertaken last summer and last fall which led to a reduction in real dollars.

Even incorporating inflation and the reduction in the beneficiary population, our current professional estimate is very close to the information that you have received relative to the dollar shortfall associated with maintaining the level of services.

The Department in the budget developed last year anticipated that we could undertake certain management actions to resolve that shortfall. It included stopping over-the-counter drugs, where there is appropriate difference of opinion about the appropriateness of that, closing smaller rural hospitals in addition to those in the BRAC, ending contracts, and the like.

#### FUNDING SHORTFALL

I think that our beneficiaries see that as erosion of benefits, so the dilemma we face is basically to undertake those management actions plus other restrictions in order to meet what is now a tough budget in tough times, or face the fact that we do indeed, from the funding level, have a significant shortfall even corrected for inflation.

Senator INOUE. The shortfall, I gather, is about \$450 million, but that is not the complete picture, because as one of the men that we met on the visits to some of the bases last week said, why are you taking it out of our hides?

What he was talking about was Somalia. We had to spend huge sums of money for this humanitarian purpose. It came out of the budget, and you are not being reimbursed. You are going to make it up by further taking it out of your hide, by reprogramming.

So the full shortfall may exceed \$700 million, or \$600 million in your case. What programs are going to be cut as a result, if we do not increase that amount and if we just abided with the budget?

Dr. MARTIN. I think I would have to say in my estimate, Senator, that there would not be enough programs to logically and rationally cut without a major cutback in the number of beneficiaries we take

care of within the system, particularly over the age of 65; or, some major cost in generating revenue, which has been discussed. In other words, those kinds of numbers preclude management efficiencies. It simply cannot be done.

My hope for the President's plan would be that we might begin to approach how we budget for medical care on a more rational basis. Indeed, the \$456 million, not including Somalia, that you have received information about and, in fact, the number is somewhere between \$400 and \$500 million, although it is not exact, reflects only a 4.5-percent increase for the impact of inflation, technology, and required intensity of services. Each of those are increasing at about 8 percent per year.

So, hopefully, one of the things that would happen prospectively is rational budgeting for medical care. We finally have resolved the CHAMPUS problem and can now accurately estimate what the requirements for CHAMPUS are in the years coming, and we cannot give you a very good number. We have been staying close to that number for the last 2 or 3 years.

Our budget process will begin to pick up the requirements that are associated with the kind of system we are trying to create, which is essentially a managed care system, with the understanding that there are fundamental requirements of funding and personnel associated with running such a system.

But I can say very clearly that budget cuts of the magnitude you are talking about simply are not within the realm of efficiencies or changes without radically transmogrifying the current system and, frankly, creating a lot of legitimate concern on the part of our beneficiaries.

Senator INOUE. I note, for example, funding for education and training in your 1994 budget is being cut by over 10 percent. Which programs are going to be cut?

Dr. MARTIN. Actually, in all of the nonpersonnel accounts, there are fairly dramatic reductions. And, in fact, the determinations of specifically which programs would be cut in fiscal year 1994 would be left up to the services. I imagine they have gone through an exercise to make those estimations now. I might ask the surgeons general if they have identified the areas where those particular cuts would be taken, should there be the shortfall of the magnitude we are talking about.

Senator INOUE. Will you also respond to whether these cuts will hurt your programs and whether you feel the programs being cut are necessary?

Dr. MARTIN. Let me specifically ask the surgeons general, as they are much closer to that particular question.

Senator INOUE. General LaNoue.

#### ARMY MEDICAL BUDGETING

General LANOUE. Sir, in responding to that, education is being reasonably reduced, because we do have a manpower projected cut in the order of 20 percent in round numbers. And I could follow up with more specific numbers on that. However, in our Academy of Health Sciences, now called the AMMED Center and School, there is an increasing demand for training for our reservists, and they

indeed have been asking for additional funds to grow, rather than to reduce.

However, since the entire Army is coming down, we have mandated that they too need to make a reduction.

Sir, if I might add more specifically to how we are looking at the budget to show how the three services do things differently, and very often we are comparing different systems against each other, and it is hard to compare one with the other. My medical treatment facility commanders in the past year have been delegated the authority to manage all components of their budget without restriction.

Only the bottom line is what I personally look at. And that bottom line is now measured against a capitation methodology that we are developing, and it is not refined at this time. But we started with the budget they historically had.

One way we deal with that is it is the individual medical treatment—the individual commander who decides whether he spends more money in hiring additional civilians or spending more in the pharmacy, or, indeed, spending more in the continuing education that all of his staff require. And, indeed, that has stimulated an opportunity to save money in the aggregate so that the hospital commanders in 11 of our institutions were able to, in a way, reward their members by increasing their continuing medical education.

We prefer to provide that continuing medical education as a standard, rather than as a reward. But because the funding is so short, we, in fact, have been pushed into that position. Indeed, if I may say a word about the definition of managed care, everything that was said by my allies here is entirely correct, but I would like to point out that in the area of fiscal managers, in the area of insurance managers, that managed care, to them, usually means the control of costs. Managed care to me, and I believe to my peers, says that we are accountable for the health of all of our beneficiaries, which is an extraordinarily different approach to the practice of medicine. And an enormous change process is going on as we are trying to implement this.

This applies the principles of total quality management that we have heard from Dr. Deming and have experienced from the Japanese influence on our industry, which says that, indeed, providing the right service at the right time ends up with a higher quality and a lower cost. It is cheaper to be better. And so that is what we are attempting to do as we in the Army view managed care, and I believe my sister services are moving in the same direction.

Senator INOUE. Will one of the cuts be in your very successful AIDS research program?

General LANOUE. Yes, sir; we currently are deficient in the educational piece in AIDS, which is part of the overall funding we have for AIDS research. Probably the most efficient way of avoiding AIDS at the present time is to educate our people appropriately. Because of the hiring freeze we had in 1992, which was part of managing the budget at that time, and the concern that we might not have all of our funds this year because of the exigencies of Somalia, et cetera, we have not been able to hire all of the people to do all the education for all the soldiers, so that they get 4 hours every year. We are short in that area.

Senator INOUE. Thank you, sir.  
General Sloan.

#### AIR FORCE MEDICAL BUDGETING

General SLOAN. Yes, sir, Senator Inouye. I agree with the comments of General LaNoue. He knew I would. We talk about these things frequently and regularly.

I would just make a few additional comments to his. We have started this year, and are executing our budget through this year, under some of the pressures that affect the operations and maintenance projects throughout the Department of Defense. And in that regard, we took an arbitrary 10-percent slice at such things in validating our budget requirements, a 10-percent slice from our previous program for 1992, from 1992 to 1993.

So, if we contemplate another 10-percent reduction in that process in 1994, it will have significant impacts, as General LaNoue has already mentioned. The movement into managed care in Air Force terms, that is Air Force global care, is well underway. To do that, we have had an educational and training requirement in that regard.

While we bring on-board extremely well trained individuals and some who have experience in managed care, we feel strongly that we need to better educate our people in a formal educational program. And that we will do no matter what, since we feel so strongly about it. But that obviously has an impact on reducing other opportunities, as General LaNoue mentioned—continuing education and that sort of thing.

So, training and education are a vital part of what we need to do. We feel that these reductions that we have already sustained are best considered one-time reductions. They eat into your infrastructure and professional development capability and that should not be allowed to persist.

Thank you, sir.

Senator INOUE. Admiral Hagen.

#### NAVY MEDICAL BUDGETING

Admiral HAGEN. Senator, the Navy, as General LaNoue had said, is also very much involved in total quality management, and we have been for the last 5 years. Total quality leadership in the Navy is alive and well.

In looking at the future, from my perspective, as we have for the last year or so, I view this as the most challenging time to be Surgeon General since after World War II. All the focus coming down—health care reform, health care management—is hitting just at a time when defense drawdowns are hitting. And right now, this is, for me, the greatest opportunity to mold the force for the future, that can draw down, to be built up later when it is appropriate.

But in the drawdown, there has to be a tremendous focus on balance. And it is very important to me that we do not take a budgetary look at the system and start cutting those things which are absolutely critical to the balance. And, in my view, there has to be a balance between clinical care, education, and research in order for us to be viable to survive into the middle of the next century.

So we have to be very careful not to cut the education programs beyond what is normal. And so, to tell you exactly what has been cut in the Navy or what is projected to be cut in the Navy is very difficult, because we want to be careful to balance that.

We have reduced some graduate medical education programs in the Navy because they were in need of being realigned. In Oakland, we eliminated several programs because they were becoming a little weak. We redistributed to others and kept the programs at Oakland which were very strong, and bolstered those.

We have done some realignments, and we also have some decreased inputs in some of our systems, so we have not as much pipeline training. But I think it is important that as we look to the future and we look at budget cuts, we are very careful that we do not destroy some of the major education elements.

I cannot speak for the \$400-some million deficit that you are talking about, because I am only really familiar with the Navy part. We did our very best to make the right kind of input into the budget for the Navy in 1994 on very short notice. I think that maybe we do not have as significant a problem as, perhaps, General LaNoue has talked about over there, but certainly we all have a problem together.

But we did suffer in the realignment because of how fast we created the Defense Health Program. We went through significant management initiatives in the mid-1980's in the Navy when we were having a lot of trouble, and pulled ourselves together and did some tremendous management initiatives to improve the Navy Medical Department. Then, in 1992, when we moved the budget up to the Defense Health Program, you know, traditionally, before that, the Navy would have midyear review and realign resources in the middle of the year, and basically under program, and then compensate during execution to try to keep things balanced very well.

In 1992, we are not able to do that, because we had transferred our money to OSD, so the Navy could not reprogram internally to help me out. So we came into 1993 short. The Navy recognized in 1993 that we had gone into 1993 short and identified that amount, with us, to be \$135 million. The Navy agreed to that and so they agreed to pay, and now that is in a reprogramming initiative to adequately fund 1993.

If that is funded in 1993, then 1994 becomes less of a problem than we anticipate. So I think we are doing things that we can to manage and I am just cautious about keeping the balance as we look to the future. I think that is about all I need to comment in that particular area.

Senator INOUE. I thank you, Admiral.

In your presentation, I was very pleased to hear one word that we have not heard in the past—prevention. I can understand, because when men and women enter the service, they have a health profile which is much, much better than the average health profile of an American. But I think prevention can be cost effective and we will do our best to support you in that endeavor.

Admiral HAGEN. Thank you, sir. And that is not just the Navy, sir. That was the whole Defense Department that is working on

prevention programs together with the Office of Health Affairs. They are all focusing in that same direction.

Senator INOUE. Dr. Martin, am I correct to assume that in this 1994 budget there is no pay raise for doctors and nurses?

Dr. MARTIN. Our budget is consistent with the President's current proposals, relative to Federal employees. So that, yes, that is correct, for Federal employees.

Senator INOUE. What do you believe, in your professional judgment, will be the impact?

Dr. MARTIN. My own professional judgment is that, not unlike other categories of affected people, the real question of how the pay raise and other COLA adjustments impacts has to be looked at in the bigger set of compensations. The best feedback I have gotten is that no one likes it. It certainly does not make an already difficult situation easier. But, many people feel that in order for the President to move ahead, everybody is going to have to share in the sacrifice.

Then the question is: Is there equity in that proposal? And is it less fair to military personnel or retirees than it would be, let us say, to others? And that would really end up being a force management and personnel compensation issue.

It certainly does not help, but if everybody bears the burden, I think that, in itself, is not going to be a major detriment to moving ahead. It would be, if the burden were inequitable and unfair.

Senator INOUE. I ask this question because the most recent statistics on the U.S. Army recruiting program sends a very, very dangerous signal. For example, the Army has been conducting surveys for the past 5 to 6 years on the propensity of men and women to volunteer. Suddenly, in the last 12 months, it has dropped 40 percent. For the first time in about 6 years, in order to meet the quota, we have had to recruit 5 percent category 4's, and you know what I am talking about.

I hope that this, added with other cutbacks, will not have the same impact upon your service, sir. Do you think danger signals are now beginning to appear—difficulty in recruiting and such?

Dr. MARTIN. Yes, sir. I think it might be useful, in this particular case, to again ask Dr. LaNoue. And I think the point the chairman is attempting to put together is that all of these things, cumulatively, are beginning to have an impact. There is a whole series of activities, events, and forces, any one of which we could cope with. But, there is some level where there is simply some number too many. And I think this is a part of it, and we could probably cope with it by itself, but, coupled with all the other kinds of changes, it is making it much harder.

But, Dr. LaNoue, I would defer to your specific answer in regards to the trend or the implication.

#### ARMY MEDICAL ACCESSIONS

General LANOUE. Thank you, Mr. Chairman.

The Army, as a whole, is experiencing problems, as you just indicated, with the accession problem. The Army has had to have a greater drawdown overall in the Department of Defense than the other components. In the artillery, for instance, more than a 40-percent drawdown. Divisions are being deactivated. As many as



500 people a day coming out of Europe and moving into Conus bases and installations.

That turbulence, in itself, just the movement of people, has caused a great deal of difficulty for the quality of life of our soldiers and families. And we have done it amazingly well over the past 2 years, as this process has gone down.

We have been able to stay the course and maintain quality of effectiveness of the fighting force and the supporting force, of which I represent. But I think we have thinned it out. We are on the edge now. And, as you say, the storm warnings are up.

As I have looked at the budget, not just for 1994, but out through 1996, and the workload figures that will come on and the potential inflation that we face, which is higher in the medical arena than in others, I saw that in the Army and in the Army Medical Department, we needed to adjust our posture to anticipate the shortfalls. And it was only in the past 2 months that my communication went out to the hospital commanders. And in looking at the adjustments they needed to start for 1994—and, indeed, in order to save sufficient dollars in 1994, you need to start releasing people in 1993 to have the proper lower cost posture to tolerate the shortfall in 1994, and then into 1995.

And so, as each hospital commander has had to go through this analysis, on top of what he reads or she reads in the newspaper everyday, and then the interface with the rest of the Army and the turbulence that exists there, that there has been the beginning of: Why should I stay in the Army? It is really more stable for me to go into private practice in Boston or elsewhere.

So the storm warnings are up; yes, sir.

Senator INOUE. Are you having difficulty filling the recruiting requirements for doctors?

General LANOUE. Well, sir, we had—you know, the Army peaked out at 781,000 in 1985 and 1986. And we were still short physicians and nurses in the Army Medical Department. And the programs that were started by this committee and others, in fact, were starting to work at that time. And as the Army started to come down, physicians and nurses in the Army were continuing to build. And it was in fiscal year 1991 that we reached our peak and actually went over our requirement. Desert Storm/Desert Shield had a partial impact on that.

And it is actually from that high water point that I measure the reduction of our forces, because that is what has set the very positive morale to our forces, in that they gained this new efficiency we have not had in many decades.

It is very prominent in the Reserves. The reservists now are leaving, and we are not acquiring. And it is a rapid downtrend in the Reserves. And that is a storm warning in itself.

We now are at our maximum, so if we, indeed, have to reduce the degree that our model says we should, we are going to ask some of our physicians to leave. And in the President's total economic posture, that, to me, seems inappropriate. Because every physician, every nurse, every x-ray tech that goes out will go into the civilian community and increase his or her income and the cost to health care in the United States will increase.

My costs will increase because I will have to buy it back after these people leave to fill in the gap of the demand against my capability with in-house workload to be able to handle that.

On the other hand, the Army must reduce and I must reduce my component of it. Indeed, if my reduction in force were negated, the Army would have to give up an armored division in order to compensate the personnel end strength that we would fill in.

Indeed, some of my staff have come up with some unique ideas that need to be explored. For instance, one-third of my physicians are in training and residency programs, et cetera. And if, indeed, we could count these individuals as civilian reservists or some such thing as that, and not count it against our end strength, we would be relieved of this rather major loss of personnel.

#### NAVY MEDICAL RETENTION

Admiral HAGEN. Senator, I watch very, very carefully the retention and resignation and retirements of my people. And I watch it on a monthly basis and have been tracking it for the last 3 years. And, of course, physician satisfaction and officer satisfaction is a combination not only of pay, but of environment and a lot of other factors. In many cases, medical people, to me, are forewarning of things to come, so you watch them. They can kind of tell you how the society is going.

I am very concerned about a statistic that just came across my desk the day before yesterday about my resignations in April. It just turns out that I am losing—I have received in April 58 resignation requests for Navy medicine from the doctors, dentists, nurses, and other officers, which is about five times what it was in April of last year. So this is the first time, in watching every month what is happening to my people, that people are asking to resign at a greater rate.

Now, this is only one point in time, so I do not know what it means exactly. But I am concerned enough to say that maybe these people are—maybe there is a trend that may be building here. So I am looking very carefully at that and there are a number of factors involved.

I am also concerned in recruiting—not that I can recruit doctors because we are doing very well through the scholarship programs, and we in the Navy are delighted that through your protection of our end strength in the past we have been able to continue to grow. And this time we are delighted that we have met our targets, our end strengths, particularly nursing, for the first time since 1985.

So we are doing very well there except in dental. In dental we are having trouble recruiting and that is a combination of factors of closures of dental schools in the United States, a decreased pool of people coming in, a number of other factors about dentists going to Government work. So I am having a problem with recruiting dental and we are looking at the factors that have to do with that, and that is important for me as well.

Senator INOUE. General Sloan.

General SLOAN. Just a couple of comments to add on to those of my colleagues. Although there are a variety of factors—your specific question of are there danger signals, I would subscribe to without qualification.

There are many factors that influence the ability to recruit, and obviously each of us have a few different factors in that regard to deal with. However, there is one factor that has remained constant over time, and that is both in the theoretical and in that studied by our consultants and civilian firms for us, and that is the difference in pay between military earnings and civilian earnings is a significant factor in your ability to recruit and retain all categories of people. That is not only physicians, but it is for all corps, all functions, and specialties.

Now, the Air Force did OK in meeting its recruiting goals last year, with a minor exception in physician recruiting, but we were unable to recruit the fully qualified physicians that we would like to be able to recruit. That is why we train them in our scholarship programs, to a large degree. So to the extent that that disparity between civilian—or the perception of that disparity—continues to grow between civilian salaries and military salaries in any discipline, that will significantly affect recruiting.

But I would also agree with Dr. Martin that it is the turbulence amongst all personnel matters, total military compensation, all things that go into that, plus all the other things that are happening, involuntary and voluntary separations, that also play in a very significant fashion. Thank you.

#### UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

Senator INOUE. Am I correct to assume from your responses that all of you are supportive of the Uniform Services University for Health Sciences?

Dr. MARTIN. I say you can more than reasonably assume that. We clearly are, Mr. Chairman.

Senator INOUE. Because I would assume that without that you would have a much more difficult time filling your slots.

Dr. MARTIN. With particular types of physician practitioners especially and, hopefully, with other kinds in the future, who elect to make a career in military medicine. USUHS makes a great difference both in their training and in their motivation.

Admiral HAGEN. Senator, there is a lot more to the issue of the University than would superficially meet the eye. That University is a jewel that we must protect. They are producing quality medical personnel for us that are dedicated to a lifetime of service with the military. It is not only just the University itself and working with the operational forces, but they bring an air of professionalism into our teaching institutions.

As the previous commander of Bethesda Naval Hospital, I can tell you that having those university students in the hospital provides a medium of professionalism that adds to the professionalism that already exists in that hospital. So the students in there bring exciting, invigorating talent into the hospitals. They go out with the fleet and the marines, and they are just dedicated people. It is an absolutely critical element of our system, and we would like to have it continue to be protected by your committee.

Thank you.

## SHORTAGE OF NURSES

Senator INOUE. Dr. Martin, there is a shortage of nurses. Do you believe we should seriously consider a nursing school?

Dr. MARTIN. The current study that is being undertaken by USUHS with the involvement of the Federal nursing chiefs from the three services, is looking at predominately, the question of alternative graduate programs. The nursing question has been looked at a number of times. And, based on this particular study—which is, of course, a result of this committee's efforts and should be completed if not later this year, early next year—we will have a much better indication.

Of course, as you know, there have been studies to say it may not be cost efficient, but the nursing community has the option, or the alternative now, of looking at that again and potentially reporting back. I would simply defer to answers they might provide in the subsequent panel.

Senator INOUE. You have two missions, wartime and peacetime, and they seem to mesh in together. Right now, as you have indicated, we are going through this painful exercise of closing bases. Over the years, men and women who have given us their all and served us have gravitated around these great bases because of the hospitals and PX's and commissaries that are available to them. Now we are closing them up; what sort of impact does it have upon your operations?

Dr. MARTIN. Well, there is no question that for retirees particularly who have settled in those areas, the impact, relative to the basis for why they moved there and the commitment that they felt they had, is substantial, in some cases severe.

The Department, specifically the Secretary, directed that the design of the program we are putting together, relative to the base closure areas, be an aggressive one which clearly includes managed care, and which deals with some of the very sensitive areas, particularly to retirees, like pharmacy. As you well know, the Congress provided for retail pharmacies and there is now an opportunity for mail order pharmacy to include Medicare-eligible beneficiaries.

There is simply no question that in base closure areas we need to make an additional effort to assure that the residual system in these areas offer options to, particularly, our retirees and their dependents such that they can continue to be a part of a bigger military, let us say, accountable health plan.

It is conceivable, for example, that mechanisms can be developed using the concept like the wrap-around regional contract in California and Hawaii to incorporate those particular areas so some part of their care might be provided in military facilities, particularly the more expensive care.

## HEALTH CARE IN BRAC LOCATIONS

I am hoping that the character of the President's plan will clarify that. My current feeling is that our part of that bigger plan will not only deal with readiness, but deal very specifically with the concern this administration has with the commitment both perceived and, in many people's minds, made to these retirees. And, to the extent that we make a judgment associated with BRAC, we

have a special obligation to do things different from business as usual.

Senator INOUE. Are you satisfied, in your professional judgment, that this 1994 budget will be sufficient to maintain your wartime or your combat readiness?

Dr. MARTIN. It is our current concern that the potential shortfall is great enough that by significantly eroding our peacetime mission, it begins to disturb what is an essential link between the peacetime mission, our capacity and capability in our facilities, the level of service, and the requirements of the wartime mission.

I believe—and, of course, Mr. Chairman, you have made this point before—they are inextricably related. And if you degrade the capability for our practitioners to practice medicine with the active duty force and their dependents, you degrade our central capability to go to war. I think they are inextricably related. So, I would have to say that the answer to your question is, yes, I think it does compromise medical readiness simply because it is comprising the military health services system.

Senator INOUE. Well, we have been told that in the 1994 budget it would be almost impossible to conduct two Persian Gulf wars at the same time.

#### PEACETIME MISSION

Now we will get to the peacetime mission of yours. When men and women volunteer, they believe that Uncle Sam has made a commitment or promise that if something happens to you, you need not worry because for the rest of your life we are going to take care of you. We also say that if you have dependents, we will take good care of them. Will this budget carry out our promises and our commitment and our contractual obligations?

Dr. MARTIN. I have to make two comments. First of all, this budget was, as I mentioned, developed last summer and fall. I have to make sure I put that in the record, because then my answer is: I do not believe it does.

Senator INOUE. That is a good answer. I hate to hear it.

Dr. MARTIN. Mr. Chairman, I would have hated it more if I had given the other answer.

Senator INOUE. On the matter of equal benefits—I mentioned that in my opening remarks—we have been receiving many letters from beneficiaries who claim that their medical benefits are not as good as those provided in different locations. Is that a matter of serious concern?

Dr. MARTIN. Yes, sir; and I would say the letters are not only correct, but the gap is beginning to spread. There is no question that the current set of benefits, and there are dozens of combinations and permutations, reflect inequity.

It is our current hope that that will be resolved through how we will participate in harmony with the President's plan. It is clearly something that we have to resolve through this approach to managed care, coordinated care, managed competition, over the next couple of years. It is clearly unfair and needs to be resolved.

Senator INOUE. Are you asked to provide an input by the Base Closure Commission? Do they call upon you?

Dr. MARTIN. Yes, sir; and let me defer to Dr. Koenig, who actively participated in that particular process.

Dr. KOENIG. Yes, sir; I gave a presentation to the Base Realignment and Closure Commission about a month ago, and since then we have been in very frequent contact with them as they continue to ask us for additional information regarding each of the facilities that is under consideration.

#### MENTAL HEALTH CARE

Senator INOUE. We do not hear much about mental health when we speak of the medical services. In this 1994 budget, are we increasing, decreasing, or maintaining the same level of services related to the mental health of our men and women?

Dr. MARTIN. Given my previous responses on the adequacy of the budget, I think mental health, as well as the other components of health, including prevention, are going to be affected across the board. So, I would say that mental health and other health care are going to be equally affected relative to the level of care we will be able to provide with the fiscal year 1994 budget being significantly below this year's level.

Senator INOUE. Because of interests expressed by certain members of the Senate, I will be submitting questions relating to specific programs such as the Psychologists Prescription Training Program, pediatric emergency medical services, mail service pharmacy program, Nurse Practitioner's Training Program, CHAMPUS, home health care, social work departments and training for social workers, et cetera, et cetera. I hope that all of you will be able to respond to these questions that have been submitted by Members of the Senate.

#### COMPOSITE HEALTH CARE SYSTEM

Composite health care system: May I ask all of you, from your experience with CHCS, what do you think about it?

General LANOUE. Mr. Chairman, that is a difficult question and I do not know if I am well versed enough in it to give you a total detailed answer. But from that of a practitioner, it has been frustrating. From that of a hospital manager, I absolutely need it, cannot do without it.

And so it is sort of being stuck between a rock and a hard spot. There has been in the area of information management, I feel in my opinion, an overcentralization of the management of those kinds of systems. And, indeed, our individual hospitals are underresourced in terms of support systems for information management. A great deal of the effort went into a central-managed, long-term project, and it leaves us with technology that is old, but we cannot do without it.

General SLOAN. Sir, I would echo the comments of General LaNoe in that we absolutely need this program and cannot do without it. It is not necessarily the end all to our problems and obviously there needs to come along improvements to that. And as technology advances, perhaps that can come in the form of smaller, less expensive systems to use the software that is developed by that program office.

But obviously, the original requirements for the composite health care system, did not include some things that are essential and very important for success in the field of managed care. Now, the program office is working on those things, but obviously that is not going to be part of the initial functions that are distributed to our facilities, and those are obviously very critical. So it is a great first step, but that is not the end of it over the next few years.

Admiral HAGEN. Senator, we have been privileged to watch the system grow for 10 years or more. It struggled very much at the beginning and we had some growing pains with it, and several Navy hospitals had difficulty at the beginning, but that is not really the case right now. In places where we are testing it—in Charleston, LeJeune, Jacksonville, and the clinics in Hawaii—we are very pleased with what we have, and particularly the patient appointment scheduling system and the lab and pharmacy and radiology.

When I went to Tripler and went out to the clinics in Hawaii and visited the Air Force clinics, the Navy clinics, the Marine Corps clinics, and the Army clinics and Tripler and saw how much progress had been made, I was indeed impressed myself. I think they had tremendous improvements and it is a very big system.

The problem was it got so big a few years ago. It got so much micromanagement and it was very difficult to control, but what I am seeing that is being delivered now is being accepted very well. I certainly want to support the system and the direction it is going as it develops a managed care model.

Now, Admiral Koenig is working that issue at OSD and I think, perhaps, if you do not mind, he could comment.

Admiral KOENIG. Senator, the CHCS program comes under my office in health affairs. We have made some very significant advances, particularly during the last year. We did get approval from the Major Automated Information Systems Review Council [MAISRC], and that allowed us to begin deployment.

We got congressional concurrence in January of this year, and since January we have been able to install CHCS in three additional facilities. We have it going into 12 additional facilities as we speak. We hope that by the end of fiscal year 1994 that we will have replaced all of the systems that General LaNoue mentioned earlier, the old ones [that we are keeping together with rubber bands and band aids and chewing gum, and whatever else we can.

We think we will be serving over one-half our beneficiary population in facilities that are equipped with CHCS by the end of the next fiscal year. There are a lot more things we can do. There are a lot more things we are doing to reflect what General Sloan said to support the managed care effort which came along a long time after CHCS got going. We made some enormous achievements rapidly to support the Tricare effort down in the Tidewater area with CHCS. Amongst all the warts that we have on this thing, we have got a real jewel in there, and it is making a lot of progress.

Senator INOUE. It is too bad that the Department has to be the one who does this, but my feeling about CHCS and integrated hospital information management systems, there is nobody else who has a laboratory that it can be tested in.

There are just no other medical systems big enough or robust enough that can afford to take basically a test vehicle and install it in many of its facilities and test it and put up with the inefficiencies that that creates. When you are taking something that is new and putting it into the actual clinical environment, but despite that we have made a lot of progress and each of the three services has contributed enormously to that effort to bring this project along.

I think it is absolutely an essential thing for us that we keep this thing going and work hard, and it is going to benefit far more people in the military health services system.

Senator INOUE. Could we submit to you a set of questions on this involving, say, downsizing and software and such?

Admiral KOENIG. We will be happy to answer those questions.

Senator INOUE. If you could give us a response to that, I would appreciate that.

Admiral KOENIG. Certainly.

Senator INOUE. Gentlemen, I would like to be submitting questions to all of you. These are technical questions, and I hope that we can get a response from you.

#### LYNDON B. JOHNSON HOSPITAL, AMERICAN SAMOA

I would like to thank all of you and Dr. Martin for your very candid responses to my questions, but I have just one final question. I have kept it till the end, because in a sense it is personal. In a sense, it could be parochial. It does not involve my direct constituents, but it is a part of the Pacific, American Samoa. Samoa is part of the Pacific, and so traditionally the people of Hawaii and the leadership of Hawaii have taken it upon themselves to serve as assistants to the people out there.

For example, for the past 33 years, I have been by law of Samoa a high-talking chief, because for a long time Samoa had no representatives here, and so it was my responsibility to speak for them, and so I am Fofonga O'Samoa. I am a big man down there. [Laughter.]

They have a hospital there. It is called the Lyndon B. Johnson Hospital. I would like to invite you there to visit that hospital, but I am embarrassed. It is a disgrace. It is an American territory and I would hate to invite people and say, this is an American hospital.

They have equipment there that they purchased before World War II and I would like to have you look over Governor Lutali's testimony on this hospital, and in a sense I feel embarrassed because I have not been able to represent them too well.

They have provided a long list of equipment they would like to get. They realize the difficulty we are having in our funding programs. Recently, I read a report of the GAO which indicated that as a result of the drawdown in Europe we are giving away equipment, medical hospital equipment, and I am certain we are loaded with things there that the Samoans could use. X-ray equipment, for example.

I hope that you will look over the statement of Governor Lutali and I would be very happy to submit to you a wish list. Will you look it over and see how we can help the Samoans?



Dr. MARTIN. Yes, sir, Mr. Chairman; we are keenly aware of your interest in this area, and I can assure you a thorough review of the situation.

Senator INOUE. Well, Dr. Martin, Admiral Hagen, Dr. Koenig, General Sloan, General LaNoue, I thank you all for your candid and very useful comments. I can assure you that this subcommittee will respond favorably to your concerns, and General Lanoue, let us not cut back Walter Reed too sharply. Some of us do go there.

Thank you all very much.

Dr. MARTIN. Thank you, Mr. Chairman.

**STATEMENT OF REAR ADM. MARIANN STRATTON, U.S. NAVY, DIRECTOR, NAVY NURSE CORPS**

**ACCOMPANIED BY:**

**BRIG. GEN. NANCY R. ADAMS, U.S. ARMY, CHIEF, ARMY NURSE CORPS**

**BRIG. GEN. SUE E. TURNER, U.S. AIR FORCE, DIRECTOR, NURSING SERVICES, AIR FORCE NURSE CORPS**

Senator INOUE. Now we come to our second panel. Appearing before the subcommittee are Rear Adm. Mariann Stratton, Director of the Navy Nurse Corps; Brig. Gen. Nancy Adams, Chief of the Army Nurse Corps; and Brig. Gen. Sue Turner, Director of the Air Force Nursing Service.

Senator SPECTER. Mr. Chairman, if I might just say that I will have some questions to be submitted for the record if I may.

Senator INOUE. I would be very happy to submit them.

Admiral Stratton, Generals Adams and Turner, on behalf of the committee may I say thank you for being with us this morning. Your attendance today is very important. We have received your written statements and they are now made a part of the record. May I first call on you, Admiral.

Admiral STRATTON. Thank you, Mr. Chairman and Senator Specter. It is indeed a pleasure for us to have the opportunity to address you here today. As you have already identified my distinguished colleagues, I will not bother to reintroduce them at this time.

**NURSE CORPS MISSION**

After briefly reviewing our mission with the military health services system I will address some of our successes and our concerns. The triservice Nurse Corps mission within the military health services system is the delivery of professional nursing care across the operational continuum from theater contingencies to fixed medical treatment facilities.

As essential members of the multidisciplinary health care team, military nurses incorporate the four major components of professional nursing; that is, clinical practice, administration, research, and education. We plan, coordinate, and deliver patient care with a strong emphasis on health maintenance and consumer education.

Additionally, military nurses serve as commanding officers and executive officers of medical treatment facilities in the Air Force and the Navy and function in health care policy assignments at the headquarters and at Department of Defense levels.

Nurse Corps leadership role diversification and collaboration support the varied missions of the medical departments while shaping the present and future of health care in the Department of Defense.

Collectively, we represent over 39,000 Active, Reserve, and civilian registered nurses throughout the world. Like our Medical Corps colleagues, we work jointly on health care issues and initiatives. As members of the Federal Nursing Chiefs Council, of which I am currently the Chair, we meet quarterly with our counterparts in the Public Health Service, the Department of Veterans Affairs, and the American Red Cross, to discuss, collaborate on, and make recommendations concerning nursing issues common to the Federal services.

As an example, we are completing a 6-month triservice nursing corporate information management initiative to design future business improvements that standardize and integrate nursing processes across the operational continuum. These efforts are resulting in the development of a triservice patient focused managed care model that supports collaborative care and outcomes management. The business improvement model will help develop shared information capabilities, integrate our information systems, and ultimately improve business practices, and this is in the midst of a shrinking fiscal environment.

To improve access to cost-effective, quality health care, the recruitment and retention of high-quality professional nurses is essential. Through your continued support for accession initiatives, coupled with aggressive recruitment and retention efforts by our personnel, all three nurse corps expect to meet their respective recruiting goal numbers this year.

Goals for certain advanced practice nurses, however, remain unmet. The military Nurse Corps also rely heavily on accessioning students who have obligated service as a result of participation in educational programs such as the Reserve Officer Training Corps, the Nurse Candidate Program, and the enlisted commissioning programs.

#### NURSE RETENTION AND RECRUITMENT INITIATIVES

To sustain this momentum at a time when there remains a professional nursing shortage, the services submitted to Congress via the Assistant Secretary of Defense for Health Affairs, a request to extend the following essential nurse retention and recruitment initiatives beyond September 30, 1993.

These are the nurse accession bonus, the Nurse Candidate Program, the incentive special pay for certified registered nurse anesthetists—and I will refer to this group of people as CRNA's in the future—and the educational loans and stipends for Selective Reserve health professionals.

Annual reauthorization makes management of these initiatives difficult, because the DOD appropriations bill is usually passed after the beginning of the fiscal year. New accessions, as well as CRNA's, are uncertain if they will receive their bonus. Recruiters are uncertain from year to year as to what incentives will be available to recruit nurses.

Gaps between military and civilian salaries continue to affect recruitment and retention of nurse specialists in particular. Our area of major concern is with the CRNA's. The current and projected shortage of CRNA's has the potential for adversely affecting our ability to perform peacetime and mobilization medical mission requirements. Civilian sector compensation far exceeds military compensation for these specialists, and the difference continues to increase.

Recruitment of civilian nurse anesthetists has been virtually impossible since 1990. Due to the military CRNA's comprehensive training and work experience, their expanded scope of practice, and their ability to practice with little or no supervision, they are in high demand in the civilian sector. This high demand and accompanying high salaries makes retention difficult. We are working with the Assistant Secretary of Defense for Health Affairs to evaluate the need for increased CRNA incentive pay.

A Nurse Corps problem the Navy is currently working to alleviate is the promotion disparity for nurses in legally controlled grades, that is, 04 through 06. Compensation of control grade numbers from the other officer communities has allowed us to bring timing and promotion opportunity to lieutenant commander within the Defense Office of Personnel Management Act guidance. However, promotion timing to commander remains outside DOPMA guidance, and we anticipate that promotion timing to captain, or 06, will be outside DOPMA guidance within 2 years.

To provide highly skilled Nurse Corps officers a viable career path with reasonable upward mobility, we continue to develop additional strategies. We are all constrained by DOPMA from appointing those Nurse Corps Reserve officers as regular officers who are unable to complete 20 years of active commissioned service by the age of 55.

In order to meet the increased demand for nurses during the nationwide nursing shortage, the services have accessioned Reserve nurses over the age of 35. The knowledge and experience of these nurses make them valuable members of our officer corps and they should be allowed the career opportunities and stability that comes with a regular commission.

#### CIVIL SERVICE REGISTERED NURSES

Members of the nursing team who are frequently overlooked are our civil service registered nurses. Vital to the accomplishment of the triservice Nurse Corps missions, they currently comprise an overall average of about 27 percent of our active duty and civilian registered nursing strengths.

Recruitment and retention of these members of our health care team continues to be problematic despite several special salary rates, higher positional authority, and educational incentives. Although the Federal Employee Pay Compensation Act of 1990 gave the Office of Personnel Management authority to delegate to agencies certain title 38 pay flexibilities for civilian medical personnel, it has not yet been delegated to the services.

We must maintain a balance in recruiting and retention initiatives to provide adequate professional practice compensation for our new as well as our proven and experienced military and civil-

ian nurses. These fiscal and other retention and recruitment initiatives will continue to be evaluated and monitored as methods to attract and retain the nursing professionals we need to meet our mutual commitments.

The delivery of nursing care in the primary care setting is expanding in response to the emerging managed care delivery systems and a shift from a curative focus, as you already noted, to an increasing emphasis on prevention and wellness.

Advanced practice nurses, such as nurse practitioners, certified nurse midwives, certified registered nurse anesthetists, clinical nurse specialists, and nurse case managers, are actively involved throughout our military health services system in nurse-managed wellness clinics, ambulatory surgery clinics, womens and adolescent health clinics, home health programs, and birthing centers, to name just a few.

Our written statements provide specific examples of how these nurses improve access, decrease cost and inefficiencies, and improve patient satisfaction and outcomes. Your Nurse Practitioner Program initiative at the Uniformed Services University of the Health Sciences demonstrates your appreciation of and support for nurses in the advanced practice role, and we appreciate that.

#### RESEARCH—MILITARY NURSING

We also appreciate your recognition of the need for research specific to the uniqueness of military nursing through the appropriation of \$1 million in fiscal year 1992 and \$2 million in fiscal year 1993. The triservice Nursing Research Group awarded the first-year funds to 8 of 66 nursing research studies representing Active and Reserve components of all three military services. The proposals included such areas as access to care, child abuse, health care delivery, and other clinically relevant studies.

We are currently in the process of selecting studies for the fiscal year 1993 funds. The criteria for judging scientific merit are stringent and highly competitive. The long-term results of these research efforts will benefit our beneficiaries for years to come.

In closing, Mr. Chairman and Senator Specter, we commend your visionary leadership and tremendous support of military nursing. You recognize that nurses have always played a vital role in shaping health care.

Now, we would be happy to answer any questions that you gentlemen may have.

[The statements follow:]

#### STATEMENT OF REAR ADM. MARIANN STRATTON

Mr. Chairman, distinguished members of the committee, I am delighted to be here today to testify in support of our plans for the Navy Nurse Corps. I am immensely proud of the Navy health care team and have never felt better about the people with whom I serve, than I do today.

After briefly reviewing our mission, I will address my concerns and successes. My testimony will affirm that you have invested wisely in the Navy Nurse Corps.

#### MISSION

The mission of the Navy Nurse Corps is professional nursing in both operational and conventional settings. As commissioned naval officers whose expertise is professional nursing we provide nursing care and lead, teach and guide those who assist

us in meeting the health care needs of all beneficiaries. Nurse Corps leadership, role diversification, education, research and collaboration supports the varied missions of the Navy Medical Department, while shaping the present and future of health care in the Department of the Navy.

#### RECRUITMENT AND RETENTION

Through continued Congressional support for accession initiatives, as well as aggressive recruitment and retention efforts, the Navy Nurse Corps (NC) will meet endstrength (3300) for the first time since 1985. The overwhelming success of all accession programs resulted in the arrival of 400 NC ensigns in the late summer and fall of 1992. This is the largest influx ever to our medical treatment facilities. Commands have met the challenge of receiving, indoctrinating, and incorporating these new members of the health care team in a variety of innovative ways.

As the national professional nursing shortage will continue to challenge direct appointment recruitment and other retention programs for the foreseeable future, we cannot afford to become complacent. To that end, the Services submitted to Congress, via Assistant Secretary of Defense for Health Affairs (ASD(HA)), a request to extend three important nurse retention and recruitment initiatives; the nurse accession bonus, nurse candidate program, and incentive special pay for certified registered nurse anesthetists (CPNA), beyond 30 September 1993.

Gaps between military and civilian salary continue to affect recruiting and retention of nurse specialists in particular. An area of major concern is with CFNAs. Civilian sector compensation far exceeds military compensation for these specialists and the difference continues to increase. Incentive special pay for CRNAs serves to decrease this disparity and attracts these specialists to the Navy. We are working with the ASD(HA) to evaluate the need for increased CRNA special pay.

With managed care, there is a growing demand for nurses in primary care, health promotion and case management. To meet these needs, we recruit nurses for advanced practice roles through our Full-time Outservice Training Program (FTOST) and select Nurse Corps officers for enrollment in anesthesia, midwifery, pediatrics and obstetrics and gynecology nurse practitioner master's degree programs. Your nurse practitioner initiative at the Uniformed Services University of the Health Sciences demonstrates your appreciation of and support for nurses in advanced practice roles.

We are working with the Chief of Naval Personnel to alleviate the promotion disparity for nurses in legally controlled grades (0-4 through 0-6). Compensation of control grade numbers from other officer communities has allowed us to bring flowpoint and promotion opportunity to lieutenant commander within Defense Officer Personnel Management Act (DOPMA) guidance. However, flowpoint to commander remains outside DOPMA guidance and we anticipate that flowpoint to captain will be outside DOPMA guidance within two years. To provide highly skilled nurses a viable career path with reasonable upward mobility, we continue to develop additional strategies.

We are also constrained by DOPMA from appointing Nurse Corps reserve officers, who are unable to complete 20 years of active commissioned service by age 55, as regular officers. In order to meet the increased demand for nurses during the nationwide nursing shortage, the Navy, since 1989 under a waiver authority, has accessioned reserve nurses up to the age of 40 years. The knowledge and experience of these nurses make them valuable members of the officer corps, and they should be allowed the career opportunities and stability that comes with a regular commission.

We must maintain a balance in recruiting and retention initiatives to provide adequate professional practice compensation for our new, as well as our proven and experienced, Nurse Corps officers. These and other retention and recruitment incentives will continue to be evaluated and monitored as methods to attract and retain the nursing professionals we need to meet our commitments.

#### NURSING PRACTICE

The Navy Nurse Corps has spent time this past year determining what the future will look like in order to redesign the practice of Navy nursing for the 21st century. A strategic plan for nursing has been formulated to insure consistency of direction and intent with Navy Medicine's goals for the future. These goals put the patient and family in the center of what we do and creates a multi-disciplinary, collaborative approach to care. We are making needed system changes to achieve these goals.

As our national security strategy shifts to a focus on regional challenges, Navy nurses are ready for increasing involvement in peacetime contingencies and human-

itarian efforts. During the past year, Navy nurses served aboard ships and with the Marines, assisted following Typhoon Omar and Hurricane Andrew and served in Somalia and off the coast of Bosnia, while still providing medical assistance to the Haitian refugees in Guantanamo Bay, Cuba.

With another paradigm shift, from a curative focus to increasing emphasis on prevention and wellness, the delivery of nursing care in primary care settings is expanding. Navy nurses are actively involved in nurse managed wellness clinics, women's health clinics and home health programs.

Nursing is a vital link in alleviating cost, quality and access problems. We are proud of our successes and would like to share two of them with you. Nurses at Naval Hospital, Newport, Rhode Island were the first within the Navy to successfully implement case management programs within ambulatory care. Since May 1992, 50 case management patients have been registered in this important outreach program with one nurse managing their care. A few of the many benefits of this program include: reduced inpatient admissions by approximately 25 over a six-month period, a cost savings of \$79,000 over six months and improved access to care.

Another example is the Certified Nurse Midwifery Program at Naval Hospital, Camp Lejeune; North Carolina. With the addition of four certified nurse midwives, in-house deliveries nearly doubled in one year, representing a CHAMPUS cost avoidance of \$1.7 million. An early discharge policy was developed which allowed healthy mothers and babies to be discharged 24-36 hours after delivery, shortening hospital stays to 2.3 days in fiscal year 92 vice 2.9 days in fiscal year 91. Our patient satisfaction surveys are overwhelmingly positive, with 99 percent of the patients saying they would recommend and/or repeat the use of the midwifery service. As a result of this program we have increased midwife billets from four to 22, allowing us to expand midwifery services to Naval Hospitals, Camp Pendleton, Bremerton, Okinawa, Naples and Twenty-Nine Palms.

#### RESEARCH

In its first cycle of proposal selection, the Triservice Nursing Research Group selected two Navy nursing research projects. One project will help us identify the major sources and influences upon consumer choices in selecting health care delivery systems, thus facilitating our understanding of how our beneficiaries will make choices in a coordinated care system. The second research project will further knowledge on health promotion by helping to determine whether diet and exercise routines of Marine Corps officer candidates will result in significant changes in certain cardiac risk factors. We are pleased by the number and quality of proposals that were submitted and are grateful for past, present and continuing Congressional support for nursing research.

#### CONCLUSION

Whether serving from the sea, in the field, in the air, or ashore, Navy nurses have been there with the dedication and enthusiasm that is intrinsic to the Nurse Corps. They have made and continue to make a significant contribution to the military health care team.

Mr. Chairman, I appreciate the committee's recognition of the valuable service of military nurses in shaping the future of health care. Thank you for your tremendous support. I would be happy to answer any questions that you may have.

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#### STATEMENT OF BRIG. GEN. NANCY R. ADAMS

Mr. Chairman and Members of the Committee, I am Brigadier General Nancy R. Adams, Chief of the Army Nurse Corps. It is an honor to appear before this committee to report on the state of the Army Nurse Corps and to explain our plans and priorities for the future years. Your continuing support of Army nursing within the Military Health Services System is well known, and it is my privilege to articulate our current and developing roles within the Army Medical Department.

Army nursing is a team effort incorporating 82,000 Active Component, Reserve Component, officer, enlisted, and civilian nursing personnel. The practice of Army nursing within multidisciplinary military health care organizations integrates four pillars of nursing clinical practice, administration, research, and education. This dedicated group of professionals provides quality patient care to our active, retired, and dependent beneficiaries in a variety of settings. Army nursing continues to demonstrate its value in the peacetime health care system while concurrently exercising its unique ability to transition to contingency operations. For example, today, there

are approximately 75 curses and 150 enlisted nursing personnel deployed in Somalia and Croatia in support of United Nations peacekeeping missions.

#### RECRUITMENT AND RETENTION

To provide the best possible patient care, recruitment and retention of high quality professional nurses is essential. The Army Nurse Corps fell short of meeting its Active Component recruitment goals for fiscal years 1991 and 1992. We do, however, anticipate meeting our fiscal year 1993 goals. While this is a positive shift, meeting the recruiting goal will be due in part to a decrease in the number of Active Component nurses needed as a result of the Army drawdown. In the future, we are shifting much of our recruiting mission from direct accessions (fully qualified civilian registered nurses) to student accessions obligated as a result of participation in educational programs such as the Reserve Officer Training Corps, the Army Nurse Candidate Program, and the Army Medical Department Enlisted Commissioning Program.

The Army Nurse Candidate Program and the Army Enlisted Commissioning Program have been implemented in the past three years and are examples of success stories in the Army Nurse Corps recruiting.

The Army Nurse Candidate Program was implemented in May 1990 to remain competitive with civilian recruiting programs. This program provides a \$500 monthly stipend for the last one or two years of nursing school plus a \$5,000 accession bonus. Since the program's inception, the Army Nurse Corps has enrolled 91 nursing students. Participation in this program is increasing and we believe that this trend will continue.

The Army Medical Department Enlisted Commissioning Program was implemented in September 1990 and was designed to recruit enlisted soldiers for the Army Nurse Corps. This has effectively served as a transition program for soldiers who might otherwise have separated from military service. This program selects active duty enlisted soldiers for nursing degree completion and commissions them as Army Nurse Corps officers upon graduation. To date, we have enrolled 370 enlisted soldiers in the program, commissioned 77 graduates as, Army Nurse Corps officers, and expect to commission 88 more graduates in 1993.

Reserve Component recruiting continues to be successful, due in part to continued incentive programs such as the Health Professionals Loan Repayment Program, education stipends, and the Accession Bonus Test Program. Implemented in 1990, the first year of the Bonus Test Program produced 162 fully qualified Certified Registered Nurse Anesthetists and 337 fully qualified Operating Room nurses for the Reserve Components.

We are grateful, Mr. Chairman, for Congressional support of these incentives.

While we continue to need help in reaching our recruiting goals, there is good news in the retention of Active Component Army nurses which is at a five year high. This primarily reflects junior officers who stay beyond their initial obligation. We believe this is a result of the perceived value of these nurses in the restructuring of the Army health care system and in the Army Nurse Corps vision.

Members of the Army nursing team who are frequently overlooked are the Civil Service Registered Nurses who are vital to the accomplishment of the Army Nurse Corps mission. They currently comprise approximately 40 percent of our peacetime nursing strength. Unfortunately, recruitment and retention of these vital members of our health care team continues to be problematic despite special salary rates, higher positional authority, and educational incentives. However, I note that under the Federal Employee Pay Compensation Act of 1990, the Office of Personnel Management was given authority to delegate to agencies certain Title 3B pay flexibilities for civilian medical personnel that are not now available. The Office of Personnel Management is actively considering such delegation.

#### NURSE ANESTHETISTS

The Army Nurse Corps is experiencing a severe shortage of active duty Certified Registered Nurse Anesthetists. The fiscal year 92 actual end strength was 76 percent of our budgeted authorizations; this percent is projected to fall to 71 percent by the end of fiscal year 93. These shortfalls have a dramatic affect on the delivery of peacetime health care and supporting concurrent contingency missions such as Operations Provide Promise and Restore Hope.

Since nurse anesthetists who leave the military for civilian practice command salaries on the high end of the pay scale, retention of this critical nursing specialty is difficult. Recruitment of civilian nurse anesthetists into the Army has been virtually impossible since 1990. The military salaries and benefits package are simply not competitive with those offered in the civilian community. We are working with

the Office of the Assistant Secretary of Defense (Health Affairs) to develop a proposal to present to Congress to resolve this shortfall.

Military Certified Registered Nurse Anesthetists are irreplaceable health care professionals who practice in unique military settings. Their skills cannot be performed by others. The current and projected shortage of Army nurse anesthetists is adversely affecting our ability to perform our peacetime and mobilization missions.

#### TRI-SERVICE NURSING RESEARCH

I would now like to turn my focus toward nursing research. As you know, in 1992, Congress recognized the need for nursing research specific to the uniquenesses of military nursing and authorized and appropriated \$1,000,000 for Tri-Service Nursing Research. I am extremely pleased to report that the Tri-Service Nursing Chiefs awarded \$974,163 in federal funds for eight nursing research studies representing all Services. You can be assured that the grant review process was highly competitive and the criteria for judging scientific merit were stringent. I believe that the long term results of these research efforts will provide benefits for years to come. The Army Nurse Corps greatly appreciates the continued support from the Chairman and Members of this Committee as demonstrated by the appropriation of \$2,000,000 for fiscal year 93 nursing research grants.

#### ADVANCED PRACTICE NURSING

As The professional nursing community moves in the direction of advanced practice nursing, the Army Nurse Corps is well positioned to assume a leading role in this evolution. The Army Nurse Corps is comprised of 100 percent baccalaureate prepared nurses with 35 percent of the Corps educated at the graduate level. Additionally, certification through professional nursing organizations is encouraged for Army nurses, with many officers seeking multiple certifications. Army nurses assigned in advanced practice nursing roles are credentialed by multidisciplinary committees at the local level.

Over the past several years, Army nurses have developed and successfully implemented new advanced practice nursing roles in response to emerging health care delivery systems required by the DOD Managed Care Program and Gateway to Care, the Army managed care program. In addition to the primary care roles of Certified Nurse Practitioners, Certified Registered Nurse Anesthetists, and Certified Nurse Midwives, roles such as clinical nurse specialist and clinical case manager span the continuum of patient health care needs, improve access to care, decrease costs and inefficiencies, and improve patient care outcomes.

I would like to share some examples of how advanced practice nurses have established multidisciplinary care plans, improved access, reduced costs, and improved patient outcomes at Army medical treatment facilities. The first example involves a clinical nurse case manager who identified high cost patient populations at one Army hospital. Through extensive review of patient databases and comparison of patient care needs with available resources, she identified which patients would benefit from case management. She found that patients who were transferred to local hospitals for specialized care were not discharged or returned to the Army hospital as early as their conditions allowed. Through the use of multidisciplinary discharge networks and frequent follow-up, patient stays at the local hospitals decreased significantly. A total of \$176,850 in direct costs were saved during the first six months as well as additional indirect savings realized from the home care initiatives.

Another example has been ongoing in Korea for several years. Adult Health, Obstetric and Gynecological, and Pediatric Nurse Practitioners conduct an Adolescent Health Clinic in the local American High School as well as Obstetric and Well Baby Clinics at outlying military posts. As a result of their efforts, in one year alone, the pregnancy rate among teenage high school girls decreased 27 percent, and each year has shown a consistently decreasing trend.

A final example of Army nurses taking the lead in developing multidisciplinary patient care plans occurred when nurses became aware that patients transferred to their hospital for cardiac surgery experienced eight day delays while waiting for their blood coagulation levels to normalize. Through multidisciplinary and inter-facility coordination, patient preparation for surgery was started prior to their transfer, the surgical delays were eliminated, lengths of stay were reduced, and patient satisfaction was increased.



## NURSING ROLES IN HEALTH CARE REFORM

The Army Medical Department is currently undergoing an organizational restructuring which is designed to provide a more businesslike approach to health care delivery. Nursing has been an active participant in all aspects of planning as we develop new strategies for military health care. I am confident that Army nursing will be even better positioned in the new organizational structure to execute a significant leadership role in the delivery of patient care services.

Mr. Chairman, in closing I want to thank you and the Members of the Committee for your ongoing interest and outstanding support of military nursing and the Army Medical Department. Your attention to the professionalism of Army nursing has resulted in tangible benefits for Army nurses and, most importantly, has enhanced nursing's contribution to the patients we serve.

## STATEMENT OF BRIG. GEN. SUE E. TURNER

Mister Chairman and members of the committee. Thank you for this opportunity to address Air Force Nurse Corps issues and initiatives. Air Force nursing is moving into the future with a transformation of roles, wherein all disciplines are integrated into a team effort. The Air Force nursing team includes 22,550 active duty officers, enlisted, Air Reserve Components and civilians who provide health care to eligible beneficiaries. As the Air Force aggressively and enthusiastically moves ahead with managed care initiatives, nurses are improving patient access, lowering health delivery costs, and increasing quality of care. We want and need to maintain this momentum, therefore, recruitment and retention efforts must remain a high priority.

## RECRUITMENT

The Air Force Nurse Corps continues to have an excellent record of meeting recruitment goals. In fiscal year 1992, Recruiting Service exceeded its overall goal of 425. The accession bonus proved to be an outstanding recruiting tool with over 96 percent (334 nurses) of those eligible accepting the bonus. Making the authority for this accession bonus permanent would provide significant assistance to the Air Force's overall recruitment program.

Unfortunately, the goals for certain individual advanced practice nurses were unmet. The Nurse Corps recruited only 2 certified registered nurse anesthetists (CRNAs) against a goal of 15. Pediatric and obstetric/gynecologic nurse practitioner goals were also unmet. The shortage of CRNAs in the Air Force has the potential to severely impact the readiness mission. We have studied the issue as directed by this committee and are providing our results to the office of the Assistant Secretary of Defense for Health Affairs. The Nurse Corps is currently planning a strategic marketing program to retain quality, career motivated nursing professionals for the new Air Force.

## AEROMEDICAL EVACUATION

Increased efforts to vigorously market the aeromedical evacuation (AE) flight nurse role may improve retention. Air Force AE is a global system which has been particularly active in the preceding months. In CY92, AE crews routinely composed of two flight nurses and three aeromedical technicians, serving in unique advanced practice roles, flew 3,986 missions caring for over 67,700 patients.

Aeromedical evacuation in the Air Force represents a Total Force effort with the Air Reserve Components serving in an integral capacity, particularly in the special missions. In December 1992, the AE system joined Operation Restore Hope providing a Mobile Aeromedical Staging Facility in Mogadishu, Somalia, and an AE staging unit in Cairo, Egypt. Nursing personnel are the backbone of the 259 members in the AE system who have made weekly trips since December transporting 390 Somalians in C-141, C-5 and KC-10 aircraft.

The AE system has also been active in transporting Bosnian patients from Europe to the continental United States. Since February 1993, 39 patients were selected by the International Office of Migration in Bosnia to be moved for prosthetic devices and rehabilitation treatment. These patients were transported on a space available, reimbursable status under the auspices of OSD/ISD (Global Affairs).

While the Air Force like the rest of DOD, is downsizing and restructuring, Operation Restore Hope has shown that the line continues to fully support AE's ability to respond to crises of any nature, including humanitarian support.

## NURSE COMMANDERS

Another strong retention incentive is the increased opportunity for nurses to serve in command positions. The Nurse Corps takes great pride in the six nurses who are serving as commanders in medical treatment facilities and special assignments. A seventh nurse has been selected to assume command of the 57th Aeromedical Evacuation Squadron later this year. We recognize and appreciate that the Surgeon General's confidence in nursing leaders' ability to command is the primary reason this expanded role exists.

## ADVANCED NURSE PRACTICE

Additionally, the Surgeon General has encouraged and supported Air Force nurses who are creating and implementing innovative business practices to lower costs and improve access. Two exciting outpatient initiatives in which Air Force nurses are intimately involved are birthing centers and expanded ambulatory services. The success of each is dependent upon a multi-disciplinary approach to health care where team members collaborate to ensure patient outcomes include wellness and satisfaction, and business outcomes include a cost effective service.

Currently, the Air Force Nurse Midwifery Program at Andrews AFB, MD, is collaborating with Naval Hospital Bethesda to establish a birthing center by September 1993. Bethesda will provide the space, the "on call" physicians and anesthesia service; the Air Force nurse midwives will provide the patient teaching, delivery, and follow up care. When the program is fully operational, it is expected to deliver an average of 30 babies per month.

Birthing centers provide low risk mothers a safe alternative to high tech care. These centers offer the benefits of lowered cost, high quality care, and greater family satisfaction due to the family involvement in the birthing process. Additional birthing centers may be an option for providing obstetric services in conjunction with expanded ambulatory care facilities.

The second initiative is located in the free standing ambulatory care and ambulatory surgery clinic in Montana. Professional nurses provide care in a customer driven, high volume, fast paced environment. Outcome studies show increased patient satisfaction, especially with the nursing emphasis on health promotion education.

This ambulatory model melds the talents of Air Force primary care physicians, physician assistants, contract surgeons and other doctors, and obstetric services in the community. The expanded role of the nurse in this ambulatory setting has promoted a new breed of Air Force nurse from the previously in-patient focused professional.

All of the advanced practice nursing roles are growing in today's Air Force, and the Air Force of the future. We see future potential in the new advanced nurse practitioner program being developed at the Uniformed Services University of Health Sciences (USUHS). This graduate program has the potential to help meet the needs of many expanding roles in nursing practice.

## TRI-SERVICE NURSING RESEARCH

In closing, I wish to say the Nurse Corps has been particularly pleased with the support for Nursing Research that this committee has shown. As a direct result of that support, Air Force nurses have the opportunity to investigate post-traumatic stress in women following wartime experiences. These new research opportunities have stimulated interest in a budding force of junior researchers. Please accept our sincere thanks. The Air Force Nurse Corps appreciates your visionary leadership and unwavering support for professional nursing and a patient focused defense health care system.

## NURSE INTERN PROGRAM

Senator INOUE. Thank you very much, Admiral Stratton.

Before I proceed, seated to my left is Cmdr. Nancy Lescavage, and I want to thank you for sending her to my office. As you know, Generals, I have had a nurse intern program in my office for several years. Before Nancy came on board we had a lieutenant colonel from the Air Force, Diane Kupcella, and Joellen deBerg. We are looking for an Army nurse now.

General ADAMS. We are looking forward to that opportunity.

Admiral STRATTON. We are most appreciative of the opportunity.

Senator INOUE. We have had Navy and Air Force and I am from the Army, so it looks a little lonesome out there. It has been a good program and these nurses have kept me and this subcommittee well advised on what is happening in the service.

The first question I would like to ask is one that is appropriate for the times. Finally, the people of the United States and the Congress are getting a bit concerned about women—women in combat, women in services, women in the Supreme Court. I remember the first time I began suggesting that nurses should go above the colonel rank, and they finally got a star.

I have always felt that you should have at least two stars. So I will be calling upon all three of you to assist me in providing necessary arguments, because I have a date with Secretary Aspin and I can assure you that he seems very receptive to the idea. I think it is about time you got one more stripe, and both of you got another star. So I will hope that you will help me and cooperate with me as I begin my campaign.

#### NURSING RESEARCH

You spoke of nursing research. Does the 1994 budget include any moneys for the continuation of the research programs?

Admiral STRATTON. Yes, sir; it is my understanding that you have considered \$2 million for continuation of nursing research.

Senator INOUE. No; I am talking about the 1994 budget. Do you have anything in there?

Admiral STRATTON. I thought you had intended to put it in the budget. Is that not the case? Maybe I am misunderstanding the question.

Senator INOUE. The President's budget, the 1994 budget request, I do not think there is anything in there. So I want to ask, Is it worthwhile considering the research?

Admiral STRATTON. Yes, sir; it certainly is.

Senator INOUE. That is the answer I wanted.

Admiral STRATTON. Yes, sir; we had for the 1992 budget only 8 proposals that we were able to fund out of 66 that were submitted. Looking at those that are submitted thus far for the 1993 budget, they are even better than the first go-around, and we expect that to continue to be the case.

Senator INOUE. I am not certain whether you were here or not, but when Admiral Hagen spoke, I told him that the committee was most pleased to hear that word "prevention," which is old hat for nurses because you have been involved in the prevention business as long as you have been nurses.

But most people do not appreciate that, and I am glad that you are coming forward and speaking up for prevention, because this is where we will finally get a handle on the high cost of medicine by prevention of disease.

I am also pleased that you spoke of child abuse because I remember about 12 years ago when I brought this up, and at the basis of this suggestion were recommendations by nurses that I have met in the triservices which spoke of spousal and child abuse. I think the record should show that the present program we have in DOD on child and spousal abuse began because nurses decided that it was about time that the military got concerned about those things.

So I am biased when it comes to nursing. I have spent 2 years in hospitals and I cannot say enough for what nurses do for us. So you will not have any fuss from me.

#### NURSE PRACTITIONER PROGRAM

Do you believe that the Nurse Practitioner Program at the Uniformed Services University is useful? You mentioned that.

Admiral STRATTON. I mentioned how much we appreciated your appreciation of advanced practice nurses; yes, sir.

Senator INOUE. It should be continued?

Admiral STRATTON. Well, as Dr. Martin indicated, we are awaiting the results of the complete study on the program itself. My primary concerns deal with insuring that we have a high-quality, cost-effective graduate school of nursing at the University, and that if, indeed, we are able to have such a school that we be ensured that funding will be available in the long term.

General ADAMS. I support what Admiral Stratton has just mentioned, sir. We are concerned in terms that it is a new program and it is rising at a time when there are shortages of qualified nursing faculty in the civilian community, and we are in the midst of a downsizing, and so we have concerns in terms of the manpower available from our own Nurse Corps to support the faculty.

So in terms of do we want the program, yes, sir, we do. We just want to make sure that we can implement it with the same quality that is available to us currently in the civilian training program so we are assured once the program gets started, indeed it will maintain the same high standards as has been demonstrated in the medical school.

Senator INOUE. General Turner.

General TURNER. Well, military nurses have been real pioneers in many of the advanced practice roles and have been working closely with the physician partners for many years in a variety of areas that we are probably all familiar with. These are the traditional women's health areas, such as ob/gyn, pediatric nursing, nurse midwives, and out into community health, occupational health, environmental health, and in the Air Force in particular, flight nursing and hyperbaric nursing.

#### COORDINATED CARE PROGRAM

The transition into coordinated care programs I think is going to open up additional opportunities for nurses to do the things that we like to do, focusing again on access, health promotion, health education, and sustaining, really, the already high level of care that we have in our military facilities.

The Coordinated Care Program, though, is going to offer us some new opportunities, particularly for advanced practice nurses in the areas of primary care, again, women's health, discharge planning, utilization management, and preventive services. This is where I see great potential for the USUHS graduate level nursing program to really help us out in developing military advanced practice nurses to fulfill those roles.

Senator INOUE. Thank you very much, General.

There is a shortage of nurses throughout the United States and I suppose that shortage is having an impact upon the military. We all agree to that. There are many factors involved in the difficulty you find yourselves in when recruiting qualified nurses. What else can we do to assist?

Admiral STRATTON. Well, one of the things that we touched on a little earlier is that we would like to see made permanent some of the recruiting initiatives that you have already approved in regard to the accession bonus, in regard to the CRNA's special pays, and those kinds of programs would be very, very helpful for us.

I think that—General Adams, did you want to mention another program?

#### HEALTH PROFESSIONALS LOAN REPAYMENT

General ADAMS. The one program that I think would be beneficial to us in the active component is the Health Professionals Loan Repayment Program which currently is only available in the Reserve component. And basically, that assists health care professionals, my particular interest, to repay educational debts.

Currently, when we are surveying incoming nurses, it is not unusual for a nurse who has attended a public college to have educational debts approaching \$15,000. In private schools it is closer to \$20,000. So, indeed, it would be a significant financial gain to be able to assist them with loan repayment.

And that benefit is available in the Reserve, so, indeed, in terms of retention we often lose Active component nurses to the Reserve component primarily because of the financial incentive.

Senator INOUE. About how many people would be involved?

General ADAMS. Each year, sir, we recruit anywhere from 200 to 300 nurses as direct accessions. That would be in addition to ROTC scholarship students and others who are already benefiting from the scholarship program.

So in terms of the young graduates who would be primarily affected, you know now that the average age of the nurse, we are not primarily talking about the entry-level college student. So there are some nurses that we recruit who have already paid back their educational debts. But I can get you more specific information in terms of what our history has been in terms of recent college graduates and give you a feel for those numbers.

Senator INOUE. General Turner.

General TURNER. Yes, sir; I would concur with my colleagues. The Air Force Nurse Corps historically has had incredibly good results with our recruiting effort. We have always met our goal and we certainly hope to continue to do that. Permanent authority for the accession bonus would be a big help to us.

In the last fiscal year, 96 percent of the folks coming into the Air Force who were eligible for the bonus opted for it, and so that was very helpful to us. Permanent authority would be a big help to us.

#### WOMEN IN COMBAT

Senator INOUE. Do you have any views on women in combat? I realize it is not a matter of immediate concern here, but do you have any views?

Admiral STRATTON. Well, I was on the standing committee for military and civilian women in the Department of the Navy, and I was specifically the chair of a working group on the prevention of sexual harassment. We worked very closely with my colleague, Admiral Marty Evans, who was chair of professional opportunities section of that committee. One of the things that was very clear to all of us is that discrimination occurs when you have some inequity in assignment. When one particular group, be it gender, racial, ethnic, whatever, feels that they are better qualified to do something than another group can do. Then you have the kind of relationship wherein there is a great deal of inequality.

For that reason, we strongly supported the concept of women in combat, and have been pleased from the Navy's point of view with the manner in which the Chief of Naval Operations is pursuing the issue in terms of allowing females to fly and placing them on ships, et cetera.

I think there needs to be some consideration of some of the combat assignments and I know that is currently being worked in all the services.

#### ENVIRONMENTAL CONCERNS REGARDING COMBAT

General ADAMS. As nurses, we have always had the opportunity to be a part of combat, if you will, and I think the key is the ability to do the job as well as the ability to take care of yourselves and the environment. And so each career field really needs to be evaluated in terms of the ability for the woman to do the job, as well as for the ability for women to take care of themselves in their environment.

My concern is the environment. There is a significant difference between a foxhole, a tank, a ship, or an airplane. So indeed, I think it is encouraging now that we are approaching this in an incremental fashion and making some good and valid assessments before we make some sweeping judgments.

Thank you very much.

General TURNER. Women, nurses in particular, have had the opportunity to serve in wartime scenarios, combat situations, for centuries. I think in the case of today's Air Force, none of us who are wearing the blue uniform came in with the purpose of getting wealthy. That is simply not the case. We joined the Air Force because we had a desire to serve the country.

There is some certain sense of patriotic feeling within every single one of us, and I believe that everyone who is wearing the uniform ought to have the opportunity to serve in whatever way they wish.

Senator INOUE. I am well aware that nurses have already been in combat in many wars. I belong to an organization called Disabled American Veterans, and in my chapter there are two nurses with Purple Hearts, and they got theirs in Vietnam when their hospital was under artillery fire.

On this certified registered nurse anesthetists, how successful has it been?

## RECRUITING

Admiral STRATTON. Well, they certainly have contributed immensely to our mission. Are you referring to how are we using them or recruiting?

Senator INOUE. No; how successful have you been in recruiting.

Admiral STRATTON. As I indicated, that has been a problem. We simply are not competitive with the salaries and the benefits that are being offered in the civilian sector.

Senator INOUE. So what we are providing is not enough?

Admiral STRATTON. Right now, we are providing \$6,000, and we, as a triservice group, are working with the Assistant Secretary of Defense for Health Affairs to increase the incentive special pay for that group of people significantly.

Senator INOUE. What would be the reasonable dollar level?

Admiral STRATTON. We have been talking about increasing it to \$15,000 annually after they have served 4 years in the service.

Senator INOUE. And that, you believe, would make it competitive?

Admiral STRATTON. Certainly much more so than it is at this time.

## RETENTION

Senator INOUE. What percentage of your CRNA's remain in the military for 20 or more years?

Admiral STRATTON. I think it varies between the services. I could not give you the exact percentage of those that remain in from the time they come for a 20-year career. I can tell you that in the Navy right now, we have a 95-percent fill of our CRNA billets, and that is because of two different things. One of which is we are no longer putting CRNA's on our aircraft carriers as a billet assignment. We have converted those billets to general professional nurse billets. And so we have lost 10 billets and that has helped alleviate that problem.

In addition to that, we are actively training and, at the masters level, educating our nurse anesthetists. We average 55 at any one time, in school in either their first or second year. That is how the Navy looks. The statistics are a little different in the Army and the Air Force.

General ADAMS. Sir, the key is indeed in terms of retention. Our ability to recruit is minimal to none. The most we have ever been able to recruit in a year is four, and that was in fiscal year 1990 and there was a Desert Shield/Desert Storm effect. Some individuals who came back on active duty elected to stay with us after the completion of Desert Shield/Desert Storm.

The problem is each year we lose to the civilian community more nurses than we are able to train within our own schools. Our schools are at maximum output because of the clinical component of the training. We cannot have any more clinical facilities because of the numbers. They are limited.

So, indeed, each year in a typical year our next—this year we will lose to the civilian community 47 nurse anesthetists and we will only gain 27. So each year we are going down. In fiscal year 1988 our retention was 86 percent. This year we are anticipating

our retention being 71 percent. And that is going progressively down. The only year that we had a little blip or gain was during Desert Shield/Desert Storm when we stopped losses for the duration of that conflict.

#### COMPENSATION

In terms of the compensation, an average lieutenant in the Army and Air Force—and I forget the rank in the Navy—but a beginning nurse anesthetist salary would be around \$41,000, contrasted to the civilian community where an entry-level nurse anesthetist can make approximately \$76,000. And so there is about a \$30,000 delta.

But I will say, people come into the Army for many reasons, and I do not think the actual dollar amount is as key as being able to give them some tangible compensation to say at least we are going in the right direction. And \$15,000, I think, would make a significant statement and help them pay their college expenses and other things.

Senator INOUE. Thank you.

General Turner?

General TURNER. We share similar difficulties attracting CRNA's from the civilian community to the Air Force, as well as keeping them past the 20 year point. Part of that historically has been due to difficulties getting promoted to the grade that would allow them to continue. This has been offset in the past couple of years by the fact that we now are training them at the master of science in nursing level, and that certainly will help them in the promotion arena.

One of the other problems that we have is that our CRNA's are under a tremendous amount of pressure. Not only do they have many, many friends who are employed in the civilian community earning just monster salaries, depending whether they are in a hospital or in private practice, but our folks also get cards and letters and even telephone calls in their duty sections from headhunters who offer them salaries in excess of \$100,000 if they will leave the Air Force. They are under a lot of pressure.

Senator INOUE. I think this should be made known to the people of the United States that, notwithstanding the effort of headhunters, there are ladies and gentlemen who really want to serve us at great sacrifices. I do not think most Americans realize this and appreciate that.

One of the problems nurses have is that most of you are women. This society is still not completely equal, unfortunately. Men get better pay than women. What percentage of the nurses are men?

Admiral STRATTON. In the services, we all have about the same percent, and that runs between 26 and 27 percent of the our Nurse Corps officers are male. That compares to an average of 3 to 5 percent in the civilian sector, depending on the study that you take a look at. Most male nurses seem to want to come into the military services. Oftentimes they have been former corpsmen or medics in our service and they had the opportunity to see what military nursing was all about. This was where they wanted to spend their careers.



## PROMOTIONS

Senator INOUE. In promotions, do you believe male nurses get faster promotions than female nurses?

Admiral STRATTON. I can speak for the Navy, and no, sir. It is exactly equal. They are competitive in the very same manner and we do monitor things like gender in terms of promotions in addition to race, above zone selects, below zone selects, all those kinds of things. So, I know that for sure. It is the same.

General TURNER. I would echo that. It is my contention that promotion opportunity is very fair. It is gender neutral, but we are seeing increasing numbers of our male nurses getting promoted with each promotion board.

A lot of that is because, with each successive year group, more and more men came into the service. Therefore, there was a larger percentage of them in that year group eligible for promotion. And so we are seeing a slow but steady rise in the number of male type names on the promotion rosters.

Senator INOUE. General Adams?

General ADAMS. In the Army we have had it both ways. As you say, at one point they were experiencing the larger promotion rate. Most recently, however, the rates have been lower than what the promotion rates have been for females.

However, it is completely a fair system and with integrity, and in the overall it does balance out. It is a matter of qualifications. At one point, the men seemed to have more outstanding qualifications in terms of their educational credentials and clinical experience than the same group of females. The women have caught up and, indeed, in some ways have exceeded their male counterparts.

So, I say it is a fair horse race, if you will, and indeed the opportunity for promotion is there and it is gender neutral.

Senator INOUE. Have we ever had a female surgeon general in the services?

Admiral STRATTON. No, sir.

Senator INOUE. Never in history, we have never had one?

Admiral STRATTON. No, sir; not to my knowledge at any rate. The surgeon general is a medical corps officer and medical corps has traditionally been primarily male until recent years. And we have more women going to medical school and graduating, and now we have more women coming into the medical corps. And so there has not been an opportunity for a female to be senior enough to be selected as a surgeon general within any of our medical corps.

Senator INOUE. I know the public health service has a surgeon general. Well, maybe that is something else we should work on.

I would like to thank all of you for sharing with us your candid comments on the nursing service. We will be submitting, if we may, questions relating to training, questions relating to research, the complex ones, and I hope that you will look it over and give us your response.

## ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

## SUBCOMMITTEE RECESS

Senator INOUE. Once again, I thank all of you for your forthright responses. This subcommittee will stand in recess until Tuesday, May 11, at 10 a.m. At that time we will meet in this room to receive testimony from the chiefs of the National Guard and Reserve forces.

Thank you very much.

[Whereupon, at 11:05 a.m., Wednesday, May 5, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, May 11.]

# DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1994

TUESDAY, MAY 11, 1993

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Leahy, Lautenberg, Stevens, Cochran, Nickles, and Bond.

## DEPARTMENT OF DEFENSE GUARD AND RESERVE PROGRAMS NATIONAL GUARD

### STATEMENT OF LT. GEN. JOHN B. CONAWAY, CHIEF, NATIONAL GUARD BUREAU

#### OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. This morning, we focus on the Reserve components of our national defense. On behalf of the subcommittee, I welcome each of our Guard and Reserve component representatives. We have Lt. Gen. John Conaway, Chief, National Guard Bureau; Maj. Gen. John Philip G. Killey, Director, Air National Guard; Maj. Gen. John D'Araujo, Jr., Director, Army National Guard; Maj. Gen. Roger W. Sandler, Chief, Army Reserve; Rear Adm. Thomas F. Hall, Director, Naval Reserve; Maj. Gen. John J. Clossner, Chief, Air Force Reserve; and Maj. Gen. Jeffrey Oster, U.S. Marine Corps, Assistant Deputy Chief of Staff, Manpower and Reserve Affairs.

Also appearing today is John Laughlin, the senior civil service official of the Office of the Assistant Secretary of Defense for Reserve Affairs.

Even in a relatively peaceful year, the Guard and Reserve have been very busy. The events of the last 2 years have proven once again that a strong Guard and Reserve are important to our Nation. We have seen our Guard and our Reserve move from Operation Desert Storm to Hurricanes Andrew and Iniki. They have flown tons of relief supplies into Moscow, Mongolia, the Middle East, Sarajevo, and Somalia. They have fought fires in California, airlifted passengers and cargo out of Florida and Louisiana, and provided food and shelter on the Island of Kauai.

Still, they continue to participate in Conus and in Conus training exercises in order to keep their skills honed for the next Federal mobilization. And with all of this, Reserve components, like our Active components, are undergoing a restructuring and downsizing of the units.

The restructuring and downsizing is a challenge, because our reservists must still be able to provide the kind of land and air power we need to counter aggression. At the same time, the Reserves must maintain a capability to respond to a host of disaster relief and humanitarian missions in support of their State mission.

Now that several missions formally conducted by our Active forces are being considered for transfer to the Reserve components, it is imperative that we review the force structure and equipment needs of the Reserves, with an eye toward making sure they have the resources to meet their new responsibilities. In looking at the force structure, we have to ask ourselves, Is it adequate to do all that we are asking of the service? The Army Guard's end strength is moving from 426,528 to 410,000.

Can it successfully put two new heavy divisions on the ground in a timely manner, or do we need to change that requirement?

The Air Reserve is down to 81,500. Are they still going to be able to provide 20 percent of the Air Force's combat capability?

From an equipment standpoint, we must balance our modernization effort so that our aircraft and armored system upgrades provide improved weapon system delivery capability. It is not enough that improvements offer better survivability, better safety, and longer useful life. They must be affordable.

We have to be careful how we address operational needs within our constrained fiscal environment. We must also ensure that the Guard and Reserve forces remain an integral part of drug-demand reduction and community-based service programs. These programs accrue enormous benefits to the Department of Defense, to the community that is served, and to our Nation as a whole.

These programs are a cost-effective way to educate young people on the danger of drugs, introduce them to the finest role models available, and provide them with a means to focus on positive character-building events. Because of this, we must ensure that the programs already endorsed by this committee continue to offer a means to abate the tidal wave of drug abuse that is drowning our youth.

So, needless to say, our work is before us.

Gentlemen, we have received each of your statements and they will be made part of the record.

Because of a number of witnesses we have today, may I ask all of you to summarize your statements, so that there will be sufficient time for questions. But before I call upon you, General Conaway, I would like to call upon my good friend and vice chairman of this committee, Senator Stevens.

#### COMMENTS OF SENATOR STEVENS

Senator STEVENS. Well, thank you very much, Mr. Chairman. You have already gone through the whole series of things. I think you, once again, speak for the whole committee in the items that you have mentioned.

Let me just call attention to the committee, though, that I think this is the last time that our good friend, General Conaway, will appear in his current position to present the budget for the National Guard. It has been a series of years now that General Conaway has led the Guard. He has also kept this committee very well informed with very active communication both ways between this committee and the National Guard during the period that General Conaway has been in charge.

I think that I also speak for the whole committee in saying to General Conaway we appreciate all you have done to help us. You are not disappearing yet, but this is the opening of the last year that you will be supervising the Guard and presenting this information to us for our review. It has been a good relationship and I thank you very much for the professionalism you have shown in directing the Guard.

General CONAWAY. Thank you.

Senator INOUE. Senator, if you would yield.

May I present to the committee a new man, Maj. Gen. John D'Araujo, Director of the Army National Guard from Hawaii. [Laughter.]

Just in case you did not know that.

Senator STEVENS. Thank you very much.

Senator INOUE. Senator Cochran.

Senator COCHRAN. Mr. Chairman, I do not have an opening statement, but I join you in welcoming the witness and I look forward to their testimony.

Thank you.

Senator INOUE. General Conaway.

#### OVERVIEW STATEMENT OF GENERAL CONAWAY

General CONAWAY. Thank you, Mr. Chairman. Thank all of you for your kind remarks. This committee has done a superb job in the 16 years that I have been here witnessing your increasing help and support with modernizing the Guard and Reserve—and, speaking on behalf of the National Guard, the superb job you all have done in helping us with end strength, with force structure, with equipment, and all of the things to enhance our readiness.

I have just a couple of quick updates on some charts that I would like to show that will take just a couple of minutes, and then we will be ready for questions.

I might add, as I leave this year, we have a very able Vice Chief from Oregon, Maj. Gen. Fred Rees, Army National Guard; and Gen. Phil Killey, who has been here for over 4 years as Director of the Air National Guard. He does a superb job representing us on the air side, former adjutant general of the State of South Dakota; and of course, Jack D'Araujo, who was the Assistant Adjutant General for Army in Hawaii, and the brigade commander of that famous brigade in Hawaii before coming in the fall of 1990 to be my Deputy Director at the height of Desert Shield.

I do not know what I would have done during Desert Shield, calling up almost 80,000 men and women, 65,000 Army and almost 15,000 Air, without Jack D'Araujo by my side to help me, coming in from Hawaii as the Deputy Director of the Army National Guard. I took him over to the desert with me to visit General

Schwartzkopf and all of our troops on one trip over there, so he is familiar with that environment, has been right in the middle of all of our Federal and State emergencies, as well as community service. And I know how thrilled you were, Chairman Inouye, to be with us a week ago yesterday over in the Pentagon when General Sullivan pinned Jack D'Araujo to major general. I was equally as thrilled, almost as if I were receiving it myself.

From a little boy from Hilo, HI, on the Big Island, born there, rose up, and now is Director of the Army National Guard of the United States. Only in America can someone do what Jack D'Araujo has done. The first Hawaiian that we have had to rise to such high rank and high position in the National Guard Bureau.

If I may take just a second here to show you just briefly where we are, obviously, where the Guard was in the seventies, and where we are in the nineties, where we were less ready in the seventies. This committee has a lot to do with the modernization, the training, our quicker reaction force, and the total force policy that we have.

#### OVERSEAS DEPLOYMENT TRAINING

40,000 + SOLDIERS AND AIRMEN FROM EVERY STATE AND TERRITORY, TRAINED  
IN MORE THAN 32 FOREIGN COUNTRIES

- Roadbuilding and medical exercises in Central America, the Caribbean, and Africa
- Bosnia, Somalia airlift operations
- NATO AWACS refueling rotations
- Support to Southwest Asia
- Maintenance support to U.S. Army Europe
- Aviation support in Central and South America
- Norway, Germany, U.K., Jamaica, Barbados Unit exchanges
- Military band goodwill tours worldwide

We have the overseas deployment. We have over 40,000 airmen and soldiers that are overseas training this spring and this summer in over 32 foreign countries, from roadbuilding exercises, supporting Southwest Asia, helping the Army and the Air Force with the rotations, helping maintain support in Europe, being involved in the Kenya, Somalia, and Bosnia airlift, with the C-130's that this committee has purchased for us.

It is ironic, when we were involved in doing missions for the Air Force and for the Department of Defense, what is it that they want? They want our new, updated equipment, you know, whether it is C-23's or C-130's or Blackhawks, or whatever it is that they want. They want the newest, latest equipment with the guardsmen. So I think as the force gets smaller, it is indicative that we all need to be in the same equipment.

But we literally drink from our saucer because our cup overfloweth. I think that will obviously continue at a high level.

## COUNTERDRUG

	Fiscal year—		
	1991	1992	1993 year to date
Operations .....	5,815	5,926	2,554
Man-days .....	875,513	1,092,319	662,874
Guard-assisted seizures (approximate street value) .....	\$51,000,000,000	\$69,000,000,000	\$12,000,000,000
Personnel on duty .....			3,800

The counterdrug operation you mentioned. Today, we have 3,800 men and women on duty around the world supporting this, mostly on the borders. And our key quote is support of local, State, and Federal law enforcement agencies. As you can see, last year we exceeded a million workdays supporting local, State, and Federal law enforcement authorities. Our budget this year is \$221 million. That is down about \$15 million in counterdrug support.

## NATIONAL GUARD SUPPORT TO GOVERNORS

	Fiscal year—		
	1992 total	1993 year to date	Today
States conducting emergency operations .....	51	43	11
Total operations .....	322	177	14
Personnel on duty .....	27,782	16,619	2,613
Total man-days .....	374,966	122,050	.....

In our support to the Governors, it has been a very busy time, this year and last year in State emergencies. Last year, we had 322 involuntary callups by the Governors; 51 of our 54 States and territories were involved in callups. It amounted to that many, and just under 400,000 total man-days.

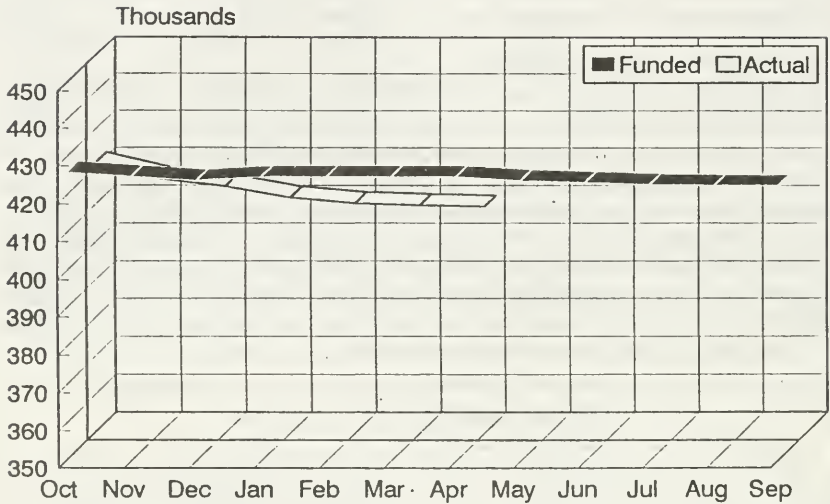
This year, some emergencies have been just as bad. Thus far it is almost on a par, with 177 callups already this year. Today, we have got 11 States conducting 14 emergency operations with 2,613 on duty today. You add up over 4,000 overseas today, over 3,800 on counterdrugs, and 2,600 on this particular operation—there was one day last month where I said we were four, four, and four. We had 4,000 overseas supporting Active forces; we had 4,000 on State emergencies; and we had 4,000 on counterdrugs on one given day last month.

This is where we are today in our support to Governors.

As you know, we had 1,500 on duty for the L.A. riots and that turned out to be a successful operation.

# Army National Guard

## Strength, FY-93



A nonevent as it turned out, but they were there, and the Army was ready to go. One of the myths that took place with the L.A. operation this year, where the Governor and our adjutant general had 1,500 Guardsmen out on duty in the armories training was that the people thought as the verdict came near in the *Rodney King* case, that they would see all of these 1,500 guardsmen out on the street. And we had to correct that myth, saying, "No, it is a law enforcement operation with the community." The Guard is trained. They are in the armories. They would only come out if there was a problem.

And people, you know, misunderstand that the Guard is going to be out there before they are asked to come out. We were asked to be called up, but not asked to go on the streets until an emergency happened, but it did not. And we are all grateful for that.

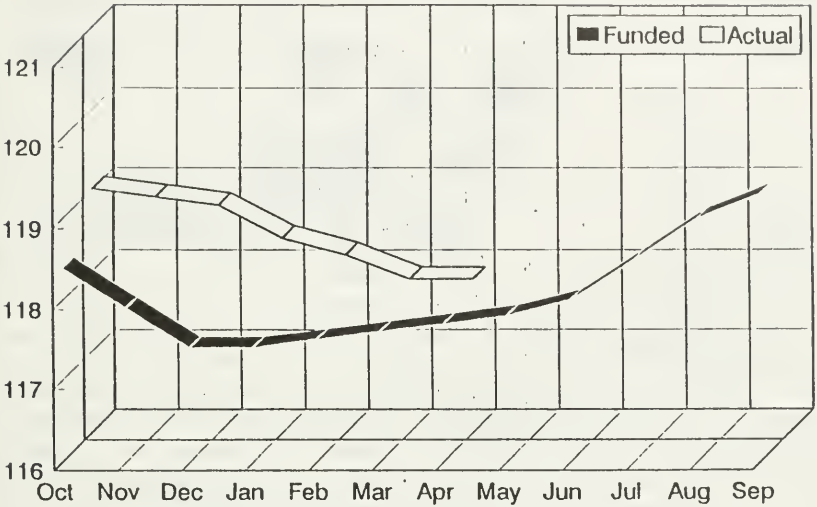
The Army National Guard strength, the actual funded strength that you have for us, is about 422,725 this year. We are running slightly under that. But they are tight on dollars in the Army National Guard. They are managing their dollars. We were having some retention problems in here as a result of the great turbulence over what units were going to stay and what units were going to go.

As this has settled down and we are able to tell the units that the force structure reductions are at a lesser level, retention is leveling off. Recruiting has been very good. It has been our retention that needs attention. So, Jack D'Araujo, who is managing dollars here, should be backed up closer to 420,000. But next year he has to go to 410,000 end strength that is funded.



# Air National Guard

## Strength, FY-93



The Air National Guard has a different problem. They were running under strength and they were overexecuting the budget. He has been trying to drive it back down onto the funding line, to end up a little over 119,000 by the end of the year. He, too, is managing his dollars. He is back about on the line right now to where he should manage his dollars the rest of the year to go to next year's end strength, which is about 1,000 lower.

### ARMY NATIONAL GUARD BUDGET

	Fiscal year—		
	1992 actual	1993 appropriation	1994 budget request
O&M .....	\$2,212,000,000	\$2,297,000,000	\$2,219,000,000
NGPA .....	3,389,000,000	3,307,000,000	3,290,000,000
MILCON .....	231,000,000	215,000,000	51,000,000

Here are the two charts we are most interested in. The Army National Guard budget, what we actually did in 1992, the 1993 appropriation that we are executing right now, and the 1994 budget request before you today. This budget request is basically funded and due to the gyrations of the Army National Guard force structure and end strength that was supposed to go to 345,000, now it is going to 410,000.

The Army National Guard "Personnel" account was plussed back up to take care of the additional end strength. The "Operation and maintenance" account was not. So the Army National Guard, in the President's budget, is adequately funded. The National Guard "Op-

eration and maintenance" account is about \$188 million underfunded as they revised our force structure from 345,000 back to 420,000 force structure, 410,000 end strength.

The dollars were not there to put all that in, but we did get the personnel money in here. We are going to have to manage this as best we can.

#### AIR NATIONAL GUARD BUDGET

	Fiscal year—		
	1992 actual	1993 appropriation	1994 budget request
O&M .....	\$2,364,800,000	\$2,535,500,000	\$2,657,200,000
Milpers .....	1,179,600,000	1,168,000,000	1,197,900,000
Milcon .....	217,300,000	287,600,000	142,400,000

The Air National Guard budget is minimally funded to take care of the Air National Guard, both O&M and Milpers for this coming year. They did not face the gyration of the amended budget being plussed back up, so they are on a more stable situation here, and are all right minimally on their funding.

#### NATIONAL GUARD ENVIRONMENTAL ISSUES

*Environmental Baseline Survey.*—Will help determine future pollution prevention activities.

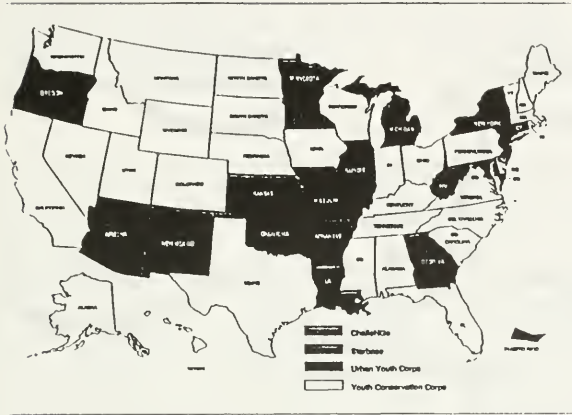
*Environmental Community Relations Contract.*—First major initiative to meet legal community relations/public participation requirements.

*Environmental Compliance.*—ARNG: Field work complete in 26 States; more than half of findings have been corrected; and one-fourth of findings require additional funding. ANG: Field work complete at 67 ANG bases; 80% of findings have been corrected; and all field work could be completed by end of FY 93 with adequate funding.

*Funding Shortfall FY 94.*—ARNG, \$31.4 million; and ANG, \$93.1 million.

In environmental, we are making great progress in the environmental cleanup. The fieldwork in both the Army and the Air National Guard, the funding chart calls for the Army Guard at \$31 million and the Air Guard for \$93 million. I know you all do some of that in the Milcon committees to others, but we are progressing on this—some of the same shortfalls that other departments in the Department of Defense have, but we are making great progress there.

## NATIONAL GUARD YOUTH PROGRAMS



**TARGET:** Youth at risk

**PROGRAMS:** Range from  
5 days to 5 months

**GOVERNOR'S PLAN**

**CORE COMPONENTS:**

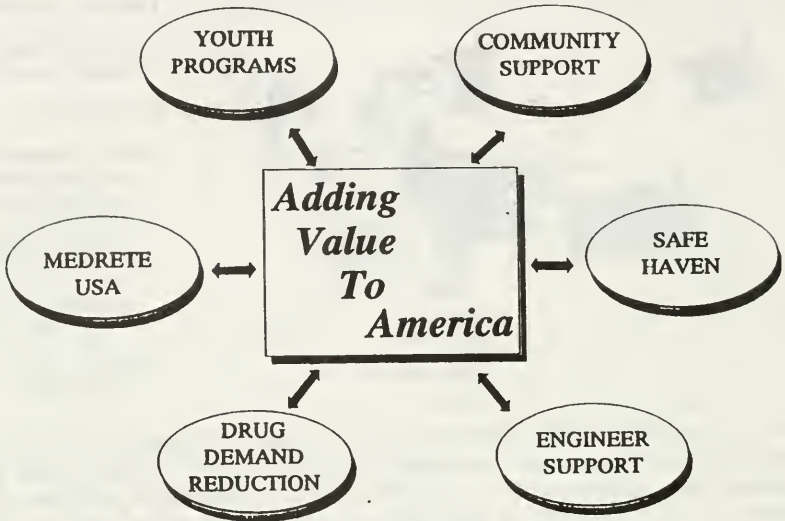
- Responsible citizenship
- Educational excellence
- Physical fitness
- Community involvement
- Life coping skills
- Health & sex education
- Leadership/followership
- Skills training

**NATIONAL GUARD  
FACILITIES**

You mentioned, Mr. Chairman, our youth programs. Here is the progress that we are on to make the initial start on our youth programs that target youth at risk. We have a challenge program that lasts up to 5 months in the States in red that were started. And we are starting a star-base program that will take care of our science skills and computer skills that we will do, and an urban youth corps, and a youth conservation corps, where it operates out of our armories and our air bases for up to 6 weeks at a time to help high school dropouts and youths at risk.

The money is being released, hopefully, this week. And we were going out to start the challenge and star-based programs. This is all under governor State plans, the same way we do counterdrugs and the drug demand reduction program.

# THE NATIONAL GUARD



Finally, our final slide is the National Guard in America. There are three missions we have in the National Guard. No. 1 is readiness. As you know, to back up the Federal Army and Air Force, to back them up where needed externally.

## STATE MISSION

Our secondary mission is the State mission, where we are the tip of the spear, being called out first by the Governors. As you can see, 177 times already this year.

And our third mission is community service, which is growing by leaps and bounds. You all are helping us with our youth programs. We are now doing immunization programs, starting in Texas and in Tennessee, to people, underprivileged youth, and a lot of minorities that can no longer, in any other way, get immunizations. Our medical units are starting to help there. We need one correction to legislation that we are working on here.

We need a correction to legislation on our youth programs so that we can get authorized some of the youth conservation and urban conservation programs. We got part of the language right and we need a correction on that. This program is moving well in the States. There are a lot of adopt-a-school programs that are taking place. We do engineering support to build boy's clubs and YMCA's and other nonprofit organizations. We help build school fields, ball fields, and things of that nature.

Safe haven is where youngsters after school can come, where we open up our armories in L.A., in Chicago, and in New Jersey, right now, where Vic Morgano is opening up some of his armories for youngsters after school. And Zenith and some other corporations have put computers in there, and we are teaching computer skills

and helping with math skills and things like that after school in our armories in these communities. And the community support that we have for all of these programs and your support is helping us immensely to help turn the youth of America around so they can be valuable, productive citizens and assist us.

Sir, we will take any questions you may have.

Senator INOUE. Thank you very much, General Conway.

[The statement follows:]

#### STATEMENT OF LT. GEN. JOHN B. CONAWAY

Mr. Chairman and members of the committee, I welcome the opportunity to again appear before you on behalf of the dedicated men and women of the Army and Air National Guard. It has been an honor and a pleasure to represent these outstanding soldiers and airmen in my capacity as Chief of the National Guard Bureau since February, 1990.

The National Guard and our country are at another crossroad in history. The nation is faced with new challenges as we've gone from the cold war to the cold peace, our leaders are in the midst of determining a new national security strategy, and our country's priorities focus on the economy and international stability.

This refocusing of national priorities once again returns the National Guard's domestic mission to the forefront. As soldiers and airmen, members of the National Guard are sworn to defend the Constitution of the United States against all enemies—foreign and domestic. Because of our constitutionally mandated domestic mission, all Guardsmen and women take an additional oath of allegiance to their governors and states. It is this dual allegiance to nation and state that sets us apart from our counterparts in other reserve and active forces.

Our nation wields two spears: one aimed at the external threats to our security, the other aimed at our domestic problems. The active component forces under the Joint Chiefs of Staff are the tip of the spear aimed at these external threats with 'the Guard and Reserve forming the remainder of the external security spear. But it is the National Guard that is the tip of the internal spear, responding to our domestic problems and emergencies.

As we approach the 21st century, we are dedicated to keeping the Guard a viable reserve force and a more efficient and effective organization. Our recent accomplishments supporting the communities of Los Angeles, Miami, southern Louisiana, Hawaii and Guam, are proof of our rededication to our tradition of community, state, and national service. A uniquely American institution, 357 years old, we are "America's Community Based National Defense Force."

We are also playing a unique role in meeting the challenges of a post-cold war world. Last November, I, as Chief of the National Guard Bureau, along with the Deputy Director of U.S. European Command's Military-to-Military Contact Team led a multi-agency delegation to Latvia, Estonia and Lithuania. This was the first high level U.S. military visit to these countries in more than 50 years. We were well received, with each nation expressing interest in developing closer military-to-military ties with the U.S., and in particular, the U.S. National Guard.

Two years ago, I presented to you the National Guard's vision for the 90's articulated by ten specific goals. This document is an update of the vision, mission, and goals of the National Guard which will guide us throughout this decade and into the next century.

#### VISION

Our vision for the future is a quality National Guard of dedicated Americans:

- Recognized as the world's most effective Reserve Force;
- A full partner in the Total Force; and
- Eager and competent to meet the challenges of the 21st century.

#### MISSION

The National Guard provides ready units and personnel to the state and nation in three roles:

- Our federal role is to support U.S. national security objectives;
- Our state role is to protect life and property and to preserve peace, order and public safety;
- Our community role is to participate in local, state and national programs that add value to America.

## GOALS

The National Guard's goals for the 90's focus on the following:

- Readiness
- Equal Opportunity
- Health and Safety
- Environment
- Civil Emergencies
- Counterdrug Support
- Family Support
- Employer Support
- Community Support
- Quality Guard

I will now elaborate on each goal.

## GOAL 1: READINESS

Everyday, we strive to improve our performance in the pursuit of our number one goal: to sustain a highly trained and ready force that meets all wartime operational, logistics and personnel standards.

Two years ago, when President Bush called up the National Guard for Operations Desert Shield and Desert Storm, we were ready. Building on our successes and lessons learned in the Persian Gulf War, we continue to improve our readiness.

Operational readiness can only be achieved and maintained through quality equipped, trained, and motivated forces led by effective leaders. While the Directors of the Army and Air Guard will provide you with more specific details on their respective readiness, training and equipment programs, I am pleased to offer you some significant highlights. These readiness highlights will be discussed in the following areas: Personnel, Organization, Training, Equipment, Mobilization, Medical, and Technology and Resource Management.

*Personnel*

The Army National Guard is tasked with the challenge of bringing strength down while simultaneously increasing the quality of the force and maintaining the highest level of readiness. During fiscal year 1992 the Guard accomplished this goal.

The Army National Guard completed fiscal year 1992 with an end strength of 426,528, almost 20,000 less than fiscal year 1991 end strength. The end strength for fiscal year 1993 is programmed at 422,725.

The Army National Guard supports improvement of quality accessions and exceeded its quality goal in fiscal year 1992. In conjunction with the improvement of quality marks in recruiting, the ARNG supports the reevaluation of GED and suggests the GED holder be accorded the same tier ranking as the high school diploma graduate.

The Air National Guard met its fiscal year 1992 strength goal of 118,100 early in the year and posted an attrition rate below 9.6 percent the lowest of the reserve components. This success can be attributed to several factors. Force reductions in the active Air Force created a pool of trained and experienced airmen wanting to continue serving their country in the Guard. Real world missions offer opportunities for hands-on experience and our education and training benefits offer valuable experience for civilian life.

With increasing budget constraints, the Air Force in the years ahead will become increasingly reliant on the volunteer aspect of the Air National Guard to meet future mission needs. The challenge for the ANG of tomorrow is to develop the effective personnel policies and recruiting and retention initiatives necessary to ensure we remain a full partner in the Total Force. Physically fit, well-trained and well-equipped, the ANG will meet the future's challenge through quality teamwork.

*Organization*

Effective January 1, 1993, most Air National Guard units transitioned to the Air Force's objective wing structure. This organizational change mirrors the active duty structure and contributes to an improved deployment posture. Also, Air National Guard units transitioned from three to two gaining Air Force major commands.

Mission readiness for the Air National Guard continues to exceed 99 percent. However, Readiness Spares Packages fill rates may have a detrimental impact on our flying units in the future.

Considerable efforts were made during the past year by the Army National Guard to attain the 85 percent Duty Military Occupational Speciality Qualifications (DMOSQ) goal established by Forces Command (FORSCOM). As a result of the

untiring efforts and involvement of the NGB and the state Adjutants General, we are moving toward this goal.

### *Training*

Real world missions and exercises give Guard units realistic training; the cornerstone of readiness. For example, the Air Guard is assuming a larger role in temporary tanker task forces in the Pacific and Europe and humanitarian airlift worldwide.

The West Virginia Air Guard played a key role in Operation Provide Promise flying medical supplies and food into Sarajevo. They provided over 400 flying hours, airlifting 175 passengers and 2,000 tons of cargo in theater.

Operation Provide Relief drew essential support from Air National Guard units in Alaska, California, Kentucky, Maryland, Minnesota, Ohio and Tennessee. Flying more than 650 sorties to Somalia, they airlifted more than 900 passengers and delivered 4,000 tons of food and medical supplies. Medical technicians from North Carolina and flight nurses from Mississippi operated out of Mogadishu.

The Air Guard also continued its support to Southern Command with six C-130's rotating at Howard AFB, Panama six months out of the year. Six Air Guard F-16's are also at Howard twelve months a year to support counterdrug operations.

Nation building operations gave us excellent training opportunities in fiscal year 1992 as ANG communicators and engineering installation personnel worked together in FUERTES CAMINOS 92. The ANG provided base camp communications and air traffic control services to both active and other reserve component customers for six months while deployed to three Central American countries. This outstanding training continues during FUERTES CAMINOS 93 in Guatemala, Belize, Honduras and Panama.

During fiscal year 1992, the ARNG implemented a program, designated Project Standard Bearer, to ensure our high priority Contingency Force Pool and Roundout units are fully capable of answering the call on day one of the crisis. Actions are also underway to ensure all ARNG Contingency Force Pool, Roundup and Roundout units are fully manned, totally equipped, and trained and validated to standard. The 38 highest priority contingency force pool units, designated operational units, are packaged to be available within seven days of an alert for up to 45 day missions.

Last year the state Adjutants General volunteered 102 high priority ARNG units from 50 states and territories to participate in the BOLD SHIFT pilot program. The BOLD SHIFT program greatly enhanced the training relationship between the active and reserve components and will improve the readiness of the Total Army. One of the cornerstones of BOLD SHIFT is the Operational Readiness Evaluation, modeled after the Air Force's readiness inspection program. We're analyzing data from the program to determine which aspects provide the greatest return in terms of resources and enhanced readiness.

### *Equipment*

In fiscal year 1992 the Air National Guard continued modernization of the tactical airlift C-130 fleet. Twelve new production C-130Hs were delivered to the 123rd Airlift Wing in Louisville, Kentucky. These aircraft are even more capable than the C-130Hs delivered only one year earlier. Through the strong support of Congress, the National Guard Bureau was able to add to production line aircraft a self contained navigation system, defensive systems, and satellite communications.

We began a continuing and significant capability upgrade to HH-60G combat rescue helicopters. This upgrade provides a voice activated warning system, global positioning system, upgraded avionics suite, new cockpit instrument panel, extended range fuel tanks and an external personnel recovery hoist. In addition, we began an effort to add a maritime band radio and a forward looking infrared system for use in the country's war on drugs.

The ANG will retire the rest of our A-7s and some A-10s and continue our conversion into F-16 A/Bs and the newer C/D aircraft. Congress has strongly supported the modernization for our aircraft through the F-15 Multi-Stage Improvement Program, and F-16 Self Protection improvements. One critical area has been support for the 220E engine safety modification.

In 1992, the Army National Guard continued to reconstitute units from Desert Storm and most equipment has now been returned. We are now reassessing how we can best assure maximum readiness of our earliest deployers. Under the Project Standard Bearer initiative we've begun resourcing these units to 100 percent of equipment requirements.

Even as we grow smaller, we continue to modernize. During fiscal year 1992 we received additional M1 tanks, M2A2 infantry fighting vehicles, fire support team vehicles, night vision goggles, SINGGARS radios, tactical high frequency radios,

HAWK missile systems, multiple launch rocket systems, mobile kitchen trailers, and upgrades of M109 Howitzers to the A5 configuration.

The ARNG also established and operated ten sites for the repair of excess active Army wheeled vehicles redeployed from Southwest Asia. When we finish this year, the ARNG will have returned more than 6,000 vehicles to service, conserved Army resources and improved the equipment-on-hand and modernization status of more than 790 Army Guard units.

With large quantities of excess equipment in Europe, we recognized a need and an opportunity. The Department of the Army concurred with our proposal to repair this equipment and we expect to begin during fiscal year 1993. Although quantities are not finalized, we anticipate a multi-year mission which will provide training and return over 20,000 pieces of equipment to serviceability for the Total Army.

Equipment on-hand readiness status increased this past year. Distribution priority to early deployers, changes in reporting rules to prevent hidden shortfalls, and fiscal constraints in future years will combine to have equipment on-hand status more closely related to the actual percentage at which the Army resources the Guard.

Despite these gains, the ARNG remains critically short of many combat support systems. The value of equipment shortages is \$10.2 billion, reflecting actual shortages in tactical medium and heavy trucks, radios, and test, measuring, and diagnostic equipment. However, these shortages do not tell the whole story. A lot of items on hand are old and were not acceptable for deployment during Desert Storm yet they are still counted against on-hand values. The congressionally directed Dedicated Procurement Program has contributed significantly to improving the EOH status. For fiscal year 1992, the DPP was allocated \$344.2 million, and for fiscal year 1993, \$544.05 million. With the force drawdown, we are carefully scrutinizing procurements to preclude duplication of equipment available from force reductions.

The National Guard has an obligation to provide adequate, safe and cost efficient "Facilities of Excellence" to support our units. Our aging infrastructure and shrinking real property support provide challenges that will continue to be conscientiously and prudently addressed to provide our people the best facilities for the available resources.

### *Mobilization*

The activity level of the National Guard subsided only slightly since our extensive efforts in the Gulf War and training for mobilization continues as a major objective of the National Guard. This training and evaluation of mobilization preparedness is essential for improving unit and the State Area Command's ability to execute mobilization and deployment responsibilities.

ANG units sharpened their mobilization skills deploying to the Southwest Asia area of operations filling active duty rotation shortfalls in such areas as security, communications, and firefighting. The ANG also currently supports the Southern Watch no fly zone with combat communications and joint communications assistance.

ARNG units participated in many overseas deployment for training exercises in fiscal year 1992, including Team Spirit and Ulchi Focus Lens in Korea, Keen Edge/Yama Sakura in Japan, Cobra Gold in Southeast Asia, USARPAC ENRETE/MEDRETES in the Pacific, REFORGER and Crested Eagle in Germany, Northern Viking in Norway, Tradewinds in the Caribbean and various special operations exercises. Our units also participated in exercises in the U.S. such as War Fighter, LOGEX, Golden Cargo, Cascade Peak, and Optimal Focus. In each instance, we demonstrated we can successfully perform required mobilization within a time frame which could reduce theater arrival dates. Also during fiscal year 1992, more than 912 local mobilization exercises were conducted by state area command headquarters. Our continued participation in these types of exercises will surely reinforce and enhance our capability to mobilize and deploy.

Fiscal year 1992 also brought changes to mobilization planning and doctrine. Based on the lessons learned from Desert Shield and Desert Storm, doctrine has been developed to enhance the mobilization of Reserve Component forces. We've been actively working with Training and Doctrine Command to institutionalize the Persian Gulf experience in consonance with reduced force structure and reordered defense priorities. The National Guard is committed to meeting the next challenge with policies and systems that improve our ability to respond when called.

### *Medical*

National Guard medical personnel continued their humanitarian efforts in fiscal year 1992 while performing training missions in developing nations. We believe



health care and health education are powerful tools in contributing to stability in developing nations.

The National Guard has used Medical Training Readiness Exercises (MEDRETES) in places such as Panama, Paraguay, Honduras, Costa Rica, Guatemala, Senegal and Guyana as effective training for Guard members while also providing humanitarian assistance. The 1993 Authorization Act includes a provision to allow the Guard to use its medical assets to provide care in areas designated "medically underserved" by the Department of Health and Human Services. MEDRETES USA will be a clear cut example of citizen soldiers and airmen adding value to America while participating in realistic and challenging training. The National Guard performed two joint missions in Africa in conjunction with the International Training Activities Program (ITAP). These missions, each consisting of a civil engineering project with medical assistance to the local population, were accomplished in cooperation with local military and civilian authorities. They provided exceptional training experiences for the Guard soldiers and airmen while adding value to the countries of Senegal and Guinea. ITAP missions are a valid test of the capability of Guard medical, engineering and tactical airlift elements to operate in austere conditions under severe time constraints far from an established logistical base.

Our ANG Fighter Surgeon Course at Klamath Falls, Oregon called Top Knife, gave ANG flight surgeons valuable human factors training, flight experience and required continuing medical education. Doctors from other DOD agencies and Canada also attended. Also during fiscal year 1992, 116 students completed the third Aeromedical Evacuation Crewmember course at Gulfport, Mississippi.

Air National Guard aircrews and aeromedical personnel put their skills to the test flying worldwide aeromedical missions. For the first time, our unit in Jackson, Miss. performed aeromedical evacuation missions to Saudi Arabia and Germany. These missions give crews hands-on experience as well as garnering increased support with their active counterparts.

The ARNG fielded the Theater Army Medical Management Information System to 41 units two years ahead of schedule. This important task couldn't have been done without the support of the medical personnel at the Regional Training Sites who went through an extensive two month train-up in conjunction with active component fielding. Guard units trained at the Logistics Support Center in Pennsylvania. The introduction of this comprehensive automation system places the Army National Guard in the forefront of Medical Force 2000.

#### *Technology/resource management*

As we sustain our efforts to do more with less, the National Guard continues to promote technology and develop effective resource management to enhance administrative efficiency and tactical proficiency.

The Reserve Component Automation System (RCAS), is a comprehensive computer system which provides commanders, staff and functional managers with timely and accurate information. The RCAS uses commercial, off-the-shelf hardware and software, telecommunications, and specialized application software to support the day-to-day administrative needs of the reserve component while enhancing their ability to mobilize. The RCAS will link more than 9,800 Army Guard and Reserve units at 4,700 locations with their headquarters and mobilization stations.

As part of the fiscal year 1993 RCAS program, an additional 600 Guard and Reserve units in the 6th Army area, the new U.S. Army Reserve command headquarters in Atlanta, and the new Army National Guard Readiness Center in Arlington, Virginia will receive local area networks.

The \$5.5 million state-of-the-art communications system in the new \$44 million Army National Guard Readiness Center will provide better communications services well beyond the year 2010. The Readiness Center's voice integrated service data network and multimedia services for more than 1500 customers, is fast becoming the model for the National Capital Region. In addition to these improved services, we are also able to reduce yearly operational costs for communication services.

ANG base communications were greatly improved in the last year. The full scale deployment of the ANG local area network is complete at 50 percent of ANG bases, allowing on base communications as well as defense data network access and ultimately worldwide connectivity. Software improvements for the integrated military personnel system continue to give resource managers detailed data for cost accounting analysis.

Learning from Desert Storm, ANG flying units will have their own deployable organic communications capability directly supporting the wing commander. This will give the wing commander tactical communications capability so he can exercise command and control and also coordinate with other deployed forces. To be fully successful, this program requires funding of modern, off-the-shelf, lightweight satellite

systems and other command and control systems to meet the increasing demand for instantaneous voice and data communications.

#### GOAL 2: EQUAL OPPORTUNITY

Equal opportunity for all military members and civilian employees of the National Guard remains a major goal, second only to readiness. We believe that fair, equitable and nondiscriminatory treatment fosters unit cohesion and readiness and increases combat effectiveness. We have restated our firm commitment to equal opportunity and to an environment free of sexual harassment in policy statements issued by myself and the Adjutants General.

In support of our equal opportunity goals, we increased sexual harassment prevention training and introduced dispute resolution to expedite settlement of discrimination complaints. Equal opportunity is also receiving close scrutiny during personnel management evaluations. The National Association for the Advancement of Colored People (NAACP) recognized our efforts at their national conference in 1992 when Dr. Benjamin Hooks presented the National Guard their highest award given annually to a federal agency for fostering equal opportunity. We were also recognized by the Department of Defense for exceeding its goal for hiring persons with disabilities.

With the promotion of the first Air National Guard woman to the rank of Brigadier General, and the Army Guard's selection of their first female general we continue to pursue our goal of greater equality and participation of female members. As part of our Air National Guard Human Resources Quality Board, we established a team to specifically address this issue. We closely monitor the number of women and minorities in the Guard to ensure that their numbers and role in the Guard do not suffer during downsizing.

While making great strides in providing equal opportunity in the Guard, we're also ensuring that discrimination complaints, including alleged sexual harassment, are dealt with promptly and fairly. We've revised our complaint policies and procedures to give all members and employees an effective avenue of due process.

#### GOAL 3: HEALTH AND SAFETY

The National Guard continues to emphasize high standards and safety awareness in each National Guard member through leadership, training, proper equipment, facility maintenance and operational programs.

##### *Health*

We are increasing our commitment to the health and fitness of our members to ensure they are 100 percent combat ready and deployable. The ARNG now has at least one master fitness trainer in more than half its company level units. These trainers give health and nutrition guidance to commanders and soldiers and we hope to have one trainer in every company by the end of 1995.

This year the National Guard established a nationwide health program to improve the physical fitness of young Americans. When fully implemented, it will reach every high school in the nation and include state, regional, and national championships.

##### *Safety*

In fiscal year 1992 the Army Guard ground safety program achieved unprecedented results with more than fifty percent reductions in all accidents and more than a forty percent reduction in privately owned vehicle fatalities. With four class "A" aircraft accidents, we finished the year with a rate of 0.96 per 100,000 flying hours.

The Air Guard class "A" mishap rate was 3.2 per 100,000 flying hours. The ground and explosives mishap rate remained stable over the past three years and remains below the active Air Force rate.

#### GOAL 4: ENVIRONMENT

Environmental compliance is one of the National Guard's top goals for the nineties and beyond and as citizen soldiers, protecting and preserving our environment for future generations is a top priority. Over the past year, we made significant strides toward achieving and maintaining environmental excellence.

Since the Army National Guard's Environmental Resource Management Office was established in 1990, 17 environmental program areas were developed and managed. All 54 states and territories have staff environmental professionals to ensure our environmental goals are met.

Today's environmental requirements pose many challenges to management. Specialized personnel from archeologists to zoologists are important to our program and hiring these professionals in the midst of military downsizing is a very significant challenge.

Environmental awareness at all levels must be integrated into every aspect of training. In this regard, we established a comprehensive program emphasizing awareness, technical and management training. The Army National Guard's version of the Total Army's Environmental Master Plan will emphasize the train the trainer concept. State specialists will be the focal point and they will become the trainer in their states stressing environmental awareness down to the soldier level.

To fully comply with the National Environmental Policy Act (NEPA), the Army Guard developed and distributed more comprehensive guidance to the states. This guidance will help professionals in the field comply with the spirit and intent of NEPA, with emphasis on the need for full public involvement.

The Environmental Compliance Assessment System (ECAS) and the Environmental Compliance Assessment and Management Program are the National Guard's initiatives to better achieve compliance with federal, state, and local environmental laws and regulations. In this program, each federally owned or supported facility is surveyed in several different environmental areas. ECAS made significant progress in fiscal year 1992 with 28 states beginning the eight month process.

Increased demands on training areas make natural resource conservation a critical land management issue. We're actively addressing this issue through the Integrated Training Area Management (ITAM) program, developed by the U.S. Army Corps of Engineers. This program takes a holistic approach toward balancing mission requirements and environmental responsibility by measuring the effects of training on the fragile ecosystems in which our troops must operate. The program's thrust is to apply sound land management practices at the conceptual stage of any proposed action or training program. Early integration of ITAM allows the Guard to determine the presence or absence of such vital natural resources as endangered plant and animal species, wildlife and wetlands. That information is then used to manage training to lessen any adverse long-term environmental impacts. ITAM is in various stages of implementation in 14 states.

Our environmental commitment is exemplified by the Idaho National Guard. In fiscal year 1992, they received the Army's Natural Resource Conservation Award for their program at the Orchard Training Area. This was the first Guard installation to implement the ITAM program and the first time a Guard installation won this award. The Idaho Guard has also taken a lead role in a research project on habitat alternation in the Snake River Birds of Prey area.

The Army National Guard is surveying endangered species on all their one million acres to formulate a strategy to maintain a trained and ready force while meeting their responsibilities under the Endangered Species Act. This is largely being done under a DOD Memorandum of Agreement with the Nature Conservancy.

The National Guard has begun an environmental communication program to train environmental professionals. The training enhances scientists' and engineers' skills in communicating with the public media about very complex, often controversial, environmental issues.

The Army National Guard also initiated several test programs to reduce the volume of hazardous waste generated by military activities. Initial results indicate the test programs are a success. Hazardous waste has been reduced by eight percent with no adverse effect on unit missions. Expansion of these programs is planned for this year.

The Air National Guard continues to emphasize environmental awareness training. During 1992, the Air Guard conducted manpower reviews of the environmental coordinators offices at each base to determine requirements for these growing functions. The ANG also developed remedial action plans for all its sites.

#### GOAL 5: CIVIL EMERGENCIES

The National Guard is unique among all the service components because of its dual role. Events within the past two years validate the critical need for this dual capability and demonstrate the National Guard's ability to perform both its state and federal mission.

During fiscal year 1992, the National Guard responded to 322 emergency missions in 51 of our 54 states and territories. This included four civil disturbances, 112 natural disasters, and 206 domestic emergencies. These emergency missions involved approximately 28,000 Army and Air National Guard members performing nearly 375,000 workdays.

Early in the year, we saw the first of several large scale deployments. In response to flash floods and mud slides, causing death and devastation in a portion of southern Puerto Rico, the governor called on the National Guard for help. Between January 5 and February 29, 286 soldiers of the Puerto Rico Guard provided humanitarian assistance in 14 communities. Missions included water and food distribution, emergency medical evacuations, engineer support, and search and rescue operations.

The riots in Los Angeles caused the largest single deployment of Guard forces in fiscal year 1992. The key to fully understanding the California Guard's successful deployment is that no prior warning existed; it was a cold start response with an astonishing rapid reaction time. Within six hours of the governor's order, more than 2,000 men and women reported to their home station armories, some having to travel through riot areas to their duty stations. Within 18 hours, the first company of military police were on the street in coordinated support of law enforcement officials. Within 24 hours, more than 4,000 Guardmembers were staged in the city of Los Angeles and more than 1,000 were performing street missions. Within 48 hours, more than 6,000 soldiers and airmen were on the street, an additional 4,000 were staged in Los Angeles, a curfew was in force, and crime had dropped significantly.

The National Guard success story in California is not only one of responsiveness, but also reflects leadership and outstanding individual soldier performance. Despite harassment and provocation, the soldiers and airmen demonstrated restraint and good judgment. Throughout a period of duty that kept more than 10,000 Guard members deployed for three weeks, only 20 rounds of ammunition were expended. In all cases, the purposeful discharge of weapons was fully justified by law enforcement agencies as appropriate. This outstanding judgment and mature discipline is the result of excellent training and quality people. Praise of our performance on the streets of Los Angeles has been widespread. The Guard's presence allowed law enforcement agencies to seize the initiative, curtail violence and restore order.

Mother nature presented the next major challenge when Hurricane Andrew swept across the southern tip of Florida on August 24th, dealing catastrophic damage to South Dade County, Florida City and the Homestead area.

The Florida National Guard's response began three days earlier with the alert of key personnel. On August 23, the state requested execution of a Florida and North Carolina Guard interstate support agreement for medical evacuation from the Florida Keys. That same day, the governor issued the order for mobilization of 1,500 Guard members. Prepositioning of forces started immediately.

As the hurricane passed, Guard units moved into the devastated areas to assist law enforcement agencies with security. But, as state officials realized the extent of the damage, the Guard mission quickly expanded to encompass humanitarian missions. By August 25, troop strength had grown to almost 4,000 and would continue to climb until reaching a sustained strength well over 6,000. Within the first ten days, the Florida Guard provided security patrols, medical treatment, damage assessment, aviation support, debris removal, transportation and distribution of food, water, and medical supplies, temporary shelters and translation support for non-English speaking citizens.

As federal assistance arrived, many humanitarian relief missions were transferred, allowing the National Guard to focus on support to law enforcement. The National Guard was also a valuable link between the federal forces and state government.

After clearing Florida, Hurricane Andrew moved into the Gulf of Mexico and most Gulf Coast states put soldiers on alert. By August 25th, evacuation along the Louisiana coast began with the help of the Guard. When Hurricane Andrew made landfall in Louisiana on August 26th, 572 Louisiana Guardsmen were on duty and ready to deploy with the total number of soldiers and airmen deployed eventually rising to 1,446. The Louisiana Guard performed a variety of support missions throughout the disaster, including security, temporary shelter, transportation, power generation, water and food distribution, and engineering support.

ANG units flying more than 1,200 hours airlifted 2,539 passengers and 1,925 tons of cargo to the ravaged areas of Louisiana and Florida.

Shortly after coping with Hurricane Andrew, attention was turned to the Pacific and Typhoon Omar. National Guard response was immediate and more than 370 Army and Air National Guard personnel were placed on territorial active duty. Missions included water purification and distribution, feeding, shelter operations, transportation and debris removal.

Following a two week pause, the unusual weather patterns plaguing our states and territories continued. On September 12, Hurricane Iniki hit the island of Kauai. Like Andrew and Omar, Iniki left a path of destruction.

The Hawaii National Guard responded to the emergency. In addition, six California Air National Guard C-130s and crews, along with a combat communications

group, were staged to deploy. This support was later augmented by assets from Alaska, Oklahoma, Washington, West Virginia, and Texas. Personnel strength reached 2,050 Army and Air Guard members as disaster assistance operations progressed.

Missions on Kauai included providing shelter, communications, airlift, food, transportation and distribution of supplies, medical assistance, and engineering support.

To broaden our community based support capabilities, we recently reorganized at the National Guard Bureau to better align our functional capabilities and improve interoperability with the Department of Defense. Our Military Support Division, as the NGB executive agent for civil emergencies, moved to the Army Guard staff. Also, a 24-hour Army Guard operations center was established to improve coordination between the Air Guard, states and territories, DOD, JCS and other agencies. The success of this reorganization was proven during the recent wave of catastrophic disasters.

Major General Stroud, the Adjutant General of Louisiana, has been appointed as the National Guard liaison to the Federal Emergency Management Agency's advisory board. This will further enhance cooperation between FEMA and the National Guards of states.

The need for a strong domestic response capability was clearly indicated during this past year. We are rightfully proud of the quick and effective reaction demonstrated by Guard members throughout this country as they met a myriad of emergency deployment challenges. It is doubtful however, whether this pride could match the appreciation of the victims they helped.

#### GOAL 6: COUNTERDRUG SUPPORT

During the past year, we again expanded National Guard support of local, state and federal law enforcement efforts to interdict and eradicate illegal drugs. We will also continue to expand our efforts to reduce the demand for drugs through a variety of programs at every level.

The National Guard increased the number of workdays devoted to drug interdiction and counterdrug activities during fiscal year 1992 by almost 25 percent, from 875,513 to 1,092,319. On any given day approximately 3,500 National Guard personnel are on duty supporting counter-drug operations. Counterdrug support missions included special training programs, aerial and ground reconnaissance and transportation of law enforcement officers performing counterdrug operations. Guard members also conducted commercial cargo inspections at land, sea and aerial ports of entry, transported contraband for law enforcement agencies and eradicated marijuana. Our people were instrumental helping law enforcement agencies confiscate illicit drugs and currency with a combined street value of \$67 billion.

Since October, 1991, we've been fielding specially configured Army Guard helicopters at the rate of four per month. These aircraft provide counterdrug support along the borders and in high drug traffic states. Fielding of 78 modified aircraft to 28 states will be complete by the third quarter of fiscal year 1994.

The San Diego Border Road Project is continuing, with 14 miles of border road and 9 miles of access road completed last fiscal year, along with the upgrade and maintenance of 317 miles of existing road. This project, in support of the U.S. Border Patrol, is immense and demonstrates the Guard's careful planning and professional execution of a challenging engineer project.

At the request of the Drug Enforcement Administration (DEA), we have a National Guard liaison officer assigned to each DEA divisional field office. This insures timely response to the lead drug enforcement agency's requests for Guard support.

We are in our third year of attacking drugs two fronts: first through supply reduction; and second, through reducing the demand for drugs. The National Guard is vigorously engaged in prevention, education, and awareness activities within the Guard, and in America's schools and communities.

At the national level, we have a Quality of Life Division in the Office of Public Affairs, which is responsible for our Drug Demand Reduction (DDR) Program. They develop and implement policy guidance for community outreach programs in our 54 states and territories, focusing on preventing America's youth from drug abuse.

At the state level, the annual Drug Demand Reduction Program Plan is approved by the governor and submitted by the Adjutant General to the National Guard Bureau for review. State plans identify organizations, agencies, and community coalitions National Guardmembers provide "force multiplier" support on a daily basis.

Our Drug Demand Reduction Program efforts at the community level are progressing remarkably well. Our armories are used to support youth-oriented community events such as drug free social and sporting events.

In June 1992, the National Guard Drug Demand Reduction strategy was announced at the first National Guard Drug Demand Reduction Conference. Participants were the adjutants general, executive directors of state drug abuse programs, and state DDR administrators. As a result of this conference, many states were able to organize a state-level coalition or increase the effectiveness of an existing coalition.

In September 1992, we conducted our first Drug Prevention and Demand Reduction course at the National Interagency Counterdrug Institute (NICI). Courses are scheduled throughout fiscal year 1993 for training various organizations, agencies and community representatives, as well as National Guard personnel, to build coalitions at the community level.

I believe that a fully implemented National Guard Drug Demand Reduction Program will contribute significantly to solving the drug epidemic in America.

#### GOAL 7: FAMILY SUPPORT

The families of our citizen soldiers and airmen are an important part of the National Guard. The assistance and support we provide to our Guard members and their families yields increased retention strengths and readiness.

In fact, the mission of the Guard's Family Program is to enhance readiness by increasing the overall well-being of the Guard family and its ability to cope with the unique realities of military service. During the past year, our volunteers, State Family Program Coordinators and other personnel staffed more than 35 family assistance centers in Florida, Hawaii and Guam in response to natural disasters. Family Support Groups were activated at units throughout the country supporting family members during local activations for firefighting, flood control and annual training. When Guard units deployed to South and Central America, Family Assistance and Support Groups helped not only their families, but also established relationships with families where the unit was deployed. Our children became penpals with children in the overseas community and books were collected to support new schools we were building.

Now, our Family Assistance network of 54 Family Program coordinators and hundreds of volunteers are prepared to assist the families of all components supporting our mission to Somalia, and any other mission the U.S. may undertake.

Being located in communities across the nation, our assistance centers provide key focal points for the support of Guard members. The Guard's participation in the Gulf conflict personalized the war for the public, as they saw neighbors and friends called to serve. This will continue as the National Guard expands its involvement in communities throughout the U. S. This positive interaction with communities provides a solid base and adds value for the future of our National Guard Family Program.

#### GOAL 8: EMPLOYER SUPPORT

In 1972, the Department of Defense chartered a unique volunteer organization to minimize potential conflicts between part-time military members and their employers. Today, more than 4,000 volunteers throughout the country make up the National Committee for Employer Support of the Guard and Reserve (ESGR). The purpose of ESGR is to promote public and private understanding of the National Guard and Reserve to gain employer and community support. It also strengthens public awareness and support of the critical need for the Guard and Reserve.

The Guard plays a significant role in each of the state employer support committees. Virtually every state committee has a positive working relationship with its Adjutant General and in most cases he is an active member. Twenty-seven out of 54 state executive directors are National Guard members. Clearly, without the pervasive assistance of the National Guard, the ESGR mission would be nearly impossible to fulfill.

This partnership has had a significant impact on improving Guard and employer relationships. For example, the National Committee for Employer Support of the Guard and Reserve distributed 5,300 special Operation Desert Storm Seven Seals awards to businesses and organizations who went the extra mile to support our Guard members and Reservists. We encouraged our people to participate in the "My Boss is a Pro" program; over 13,700 certificates were distributed and more than 55 percent were awarded to Guard employers.

Though we pray the future will not put Guard members in harms' way, we do recognize that when they serve, they will do so knowing they will be fully and effectively supported at home.

## GOAL 9: COMMUNITY SUPPORT

We need to preserve solid community support for our members to maintain the strong grass roots from which we draw our strength. To accomplish this goal, we will continue to support our public affairs personnel in their efforts to increase the public's understanding and appreciation of the National Guard, its key role in the Total Force, and its importance to the community. Guardmembers deserve no less than the full support of those they serve.

This task has always been relatively easy, because we've been serving our neighbors for many years in many ways. Besides our obviously positive economic impact, success in the fight against drugs, ongoing management of the environment and effective response to state emergencies, we contribute in many other ways to the community. With more than half a million citizen soldiers and airmen at more than 3,200 separate grassroots locations, we have resources and a "can do attitude" to serve our communities at parades, military open houses, base tours, air shows, flyovers, or assisting with community improvement projects, youth groups and humanitarian efforts.

Our armories serve as the focus for a wide range of local community activities. Our Army and Air National Guardmembers are often the only people in military uniform in many of the small towns and communities where they live. To the people in these places, the National Guard is the Total Force. A typical example is my hometown of Henderson, Kentucky, where Guardmembers serve as role models for young people in the community.

Although members of the general public have some idea the Guard serves its communities, it has no idea just how much on a nationwide scale. For instance:

- When the Guard was mobilized for Operation Desert Storm, grassroots support for the war was the strongest since World War II, because the Persian Gulf War was felt so profoundly at the local level.
- When the troops came home, stateside citizen-soldiers greeted them in style, supporting more than 700 Welcome Home celebrations.
- When Hurricane Andrew devastated Florida and Louisiana, neighbor-state citizen-soldiers not directly called up to respond nevertheless contributed by opening armories as donation collection points and transporting food to devastated areas.
- Guard units throughout the country support community improvement efforts such as building ball fields and knocking down crack houses.
- Overseas, the Guard is providing vital humanitarian relief to Bosnia and Somalia.
- To combat the decline in youth physical fitness, the Guard is implementing the National Guard Youth Physical Fitness Program at the high school level. This program also encourages students to get in "mental shape" through the award of "scholar-athlete" trophies.
- Nationally, the Guard is developing special relationships with 11 youth organizations that allow us to reach 37 million young Americans.
- National Guard members are involved in more than 500 unit sponsored community and youth programs across the country.

In support of our efforts to expand youth initiatives, Congress authorized the National Guard Bureau to develop and conduct five pilot programs for three years, with the appropriations for implementation in fiscal year 1993. Based on interest and ability, more than half the states and territories have already volunteered to host these pilot programs.

Three of the youth pilot programs, part of the National Guard civilian Youth Opportunities Program, are designed to give high school dropouts a second chance. ChalleNGe is a five month residential program at Guard facilities for 16 to 18 year old dropouts who are not involved in drugs or the criminal justice system, but nevertheless are unlikely to succeed without intervention. ChalleNGe emphasizes a curriculum of eight core components, including GED preparation, life coping skills, citizenship and community service. The same preventive approach and curriculum are incorporated, on a smaller scale, into the Youth Conservation Corps, a six week residential program, and the Urban Youth Corps, a six week day program conducted at inner city armories.

In addition to the programs designed for high school dropouts, two Guard youth pilot programs emphasize an in-school curriculum of math, science and engineering. STARBASE, a five day program for youth 6 to 18 years of age, is aimed at math and science literacy, drug demand reduction, fitness and environmental responsibility. The Los Angeles Unified School District (LAUSD) Outreach Program, comprised of four major programs oriented toward improving the math, science and engineering knowledge and skills of students, is the fifth Guard sponsored youth program.

Rapid expansion of these programs during and beyond the three year pilot phase is anticipated, with many states eventually hosting multiple programs.

We believe youth programs like these are a concept whose time has come. Congressional support of these programs, aimed at giving American youth a second chance at a brighter future, is a farsighted approach to improving the future of our nation. National Guard Bureau renewed its commitment to economic development and improving opportunities for small and disadvantaged business in our communities with the selection of its first full-time Associate Director for Small and Disadvantaged Business Utilization. Throughout the Guard's 147 contracting locations, increased emphasis on targeting requirements suitable for contract awards to small businesses and minority firms resulted in exceeding all fiscal year 1992 small business goals. Through third quarter fiscal year 1992, the Guard placed \$322.9 million in prime contract awards to U.S. businesses, \$233.8 million or 72.4 percent of which was placed with small businesses against a goal of 60 percent. Our small business set-aside award amounted to \$98.2 million or 30.4 percent against a goal of 27.2 percent. In the area of small disadvantaged business prime contracts, we awarded \$26.3 million or 8.1 percent, against a goal of 5.5 percent. Additionally, the Guard awarded \$11.8 million or 3.6 percent against a goal of 3 percent in prime contracts to women-owned small business concerns. This trend is expected to continue for the remainder of the fiscal year.

Following are just a few more examples of our community support success stories:

—When Hurricane Andrew devastated Florida and Louisiana, citizen-soldiers who were not mobilized nevertheless contributed by opening armories as donation collection points and transporting food and materials to devastated areas.

—Guard units throughout the country support community improvement efforts such as building ball fields and knocking down "crack" houses.

—To combat the decline in youth physical conditioning, the Guard is implementing a National Guard Youth Physical Fitness Program at the high school level. This program also encourages getting in mental shape by awarding scholar-athlete trophies.

Nationally, the Guard is developing special relationships with 10 youth-based organizations that together have 37 million members. The National Guard is involved in more than 500 ongoing community and youth programs across the country.

#### GOAL 10: QUALITY GUARD

The National Guard has begun its transition from the Establishment phase, to the Implementation phase of our Quality Guard initiative in support of Total Quality Management (TQM). In this new phase, our goal remains to provide better service to people, organizations and communities of this nation through continuous improvement of National Guard processes.

The National Guard has matured in its application of both quantitative and qualitative TQM methodologies. Our Joint Executive Council, consisting of all National Guard Bureau general officers and general officer equivalents, has been trained extensively in Total Quality. We have dedicated our time and energy toward reworking and validating our core values, our basic principles, and our operating style to ensure the National Guard is ready to meet the challenges of the 21st Century. To this end, we have published our National Guard Goals for the '90's so every soldier and airman will clearly understand the priorities and direction of our organization.

Our strategy for this initiative requires an active role by top leaders, a disciplined methodology, a support system, and mandatory education and training on a continuous basis. To enhance the implementation of the Quality Guard initiative within the 54 states and territories, training opportunities are being provided to all levels, starting with the Adjutants General. Several states implemented the Quality Guard initiative with positive results. Maryland, for example, sent its A-10 unit to the Air Force's Gunsmoke competition with the goal of winning as a team. Their performance was exemplary, and they won Gunsmoke. The state of Washington is moving forward with a brilliant linkage of quality and long range planning.

The Quality Guard initiative has been greatly enhanced with the opening of our Air National Guard and Army National Guard Quality Centers. These centers have taken over responsibility for implementing the Quality Guard initiative within their Directorates. Great strides have been made in managing the reorganization of the Air National Guard and the downsizing of the Army National Guard by using Project Action Teams at every level of the organization to provide input, and oversee, these processes.

One of the National Guard Bureau's greatest successes in quality has been the Drug Demand Reduction initiative. We created a cross-functional board made up of everyone in the National Guard Bureau who works with the counter drug program



in some way and representatives from states with inner or border concerns. This group produced a strategy for the National Guard to help fight the illegal use of drugs in our communities. Their efforts have been well received by national state and local agencies.

The increased visibility of senior leader involvement in our Quality Guard initiative in the last year has contributed greatly to our success. However, we still have much to do to meet our Quality Guard goal of institutionalizing a quality culture that promotes continuous improvement through trust, teamwork, customer orientation, and effective management of resources.

#### SUMMARY

I've presented the goals and highlights of the National Guard during the past year along with our plans to meet future challenges. We remain a highly trained and ready member of the Total Force with a renewed commitment to our traditional mission responding to domestic problems and emergencies. We are our country's community-based defense force insuring America's future.

#### STATEMENT OF JOHN L. LAUGHLIN, SENIOR CIVILIAN OFFICIAL, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

Senator INOUE. May I now call on Mr. Laughlin.

Mr. LAUGHLIN. Thank you, Mr. Chairman, and members of the subcommittee. Thank you for the opportunity to come before the subcommittee as a witness. I have been attending hearings back in the back rows of this committee since the early sixties. I believe Senator Stennis was the chairman of the subcommittee back then. This will be my last year.

I am very delighted to share the table with General Conaway. He has helped me a lot and I could always depend on his advice and counsel. He has always been there to tutor me and help me when we had a problem. He is going to be leaving a few months before me. I will only miss him for a few months, but I think all of you will miss him for a long time after that.

I have been around a long time and I know the value of what this committee has done for the Reserve components, particularly in the area of equipment. In the seventies, the equipment of a lot of our units was sort of a joke and it is not anymore, and a lot of it has to do with this committee.

I thank you very much and I will do my best to answer your questions.

Senator INOUE. Thank you.

[The statement follows:]

#### STATEMENT OF JOHN L. LAUGHLIN

Good morning, Mr. Chairman and distinguished members of the Subcommittee, it is a pleasure for me to be here today.

Thank you for the opportunity to talk about the current capabilities and resources of our Reserve components. First of all, I want to say that this is the first time in my 36 years of DOD service that I have had the opportunity to publicly thank this committee for all your support and efforts to strengthen the vitality of our Reserve components. The direction and actions of this committee have greatly improved our Reserve forces, and those of us who work daily to make our Reserves even better sincerely appreciate your ongoing interest, steady support, and the tools you have given us to accomplish this important task.

I have served within the Office of the Assistant, or Deputy Assistant, Secretary of Defense for Reserve Affairs for the last 14 years. My current role as Senior Civilian Official in Reserve Affairs is to coordinate the daily activity and policy oversight for the Reserve components within the Defense Department. It is my pleasure to be afforded a few minutes today to discuss our Reserve components with you from that perspective.

## INTRODUCTION

As General Powell said recently, "Our forces . . . need to be able to fight and win anywhere in the world one day, keep the peace someplace else the next day, bring help to suffering people in yet another corner of the globe the day after that—or do it all on the same day if necessary." This is exactly what our Reserve components have been doing, and I expect will continue to do as we move through this decade into the next century. I say this because the Reserve components are an integral part of the national defense posture, are directly impacted by the changing roles and missions, and contribute to the evolution of the Total Force.

Over the past year especially, the Reserve components have made some tremendous strides in streamlining operations and adjusting to the current national security environment, altered by the changing world geopolitical map, and the dramatic changes in force structure as both Active and Reserve components downsize and realign. First, I will briefly describe some of the recent accomplishments of the Reserve components. Following that, I will describe where we are today, and what the proposed fiscal year 1994 DOD Budget means for the Reserves.

## RECENT ACCOMPLISHMENTS

While there were no major military conflicts requiring the involuntary activation of Reserve Forces during the past year, Reservist components have served in various trouble spots around the world, and our taxpayers have received significant payback on their investment in the Reserve components. Reserve component personnel were active in alleviating human suffering and providing disaster relief worldwide from Florida to Somalia, from Guam to Los Angeles, and from Hawaii to Bosnia.

Reserve component forces helped maintain the peace, helped restore homes and communities, and helped improve living and medical conditions for persons facing severe hardships both at home and abroad. This is an impressive array of accomplishments for schoolteachers, business owners, or other local community members, who serve in the military as a second career, or maybe even a third career if they have a family.

In support of these Reservists, the National Committee for Employer Support of the Guard and Reserve (NCESGR), an agency within our office, has continued to promote public and private understanding of the Reserve components. We have gained increased employer and community support for National Guardsmen and Reservists through programs, policies, and practices that encourage such support. In fiscal year 1992, NCESGR hosted employer groups from Alaska, California, Florida, Michigan, Minnesota, Mississippi, Rhode Island, Tennessee, and Texas as part of the "Bosslift" Program. Also, NCESGR provided assistance to numerous state committees including public affairs campaigns, role model appearances in high schools, civic group speaking engagements, and Veteran's Re-employment Rights (VRR) law clarifications to state committees developing parallel state legislation. Additionally, NCESGR's Ombudsman program handled many difficult inquiries from Reservists and their employers relating primarily to voluntary duty, job protection, benefit entitlements, and re-employment rights and responsibilities. To their credit, the vast majority of these inquiries have been satisfactorily resolved.

Also during fiscal year 1992, the Department continued to improve the equipment availability status in the Reserve components. The effect of increased funding during the 1980's continues to be reflected in both improved capabilities and higher fill-rates. I estimate that equipment valued at over \$15 billion was delivered to the National Guard and Reserve forces during fiscal year 1992. As a result, if the Reserve components are activated during the current fiscal year, they could field approximately 90 percent of their major line items of equipment.

The Reserve component fiscal year 1993 military construction (MILCON) program of \$608 million will improve the facilities used to train and maintain the readiness of our Reserve forces. Despite rapidly changing federal, state, and local regulations, our Reserve components are striving for responsible environmental management to ensure we do our part in the preservation of our precious natural resources. The efforts of the Congress in this important area must continue.

## CURRENT STATUS

Today, the Reserve components are more ready to perform a wider range of missions than ever before. Should a major conflict erupt, the lessons of Desert Storm show that the Reserve components are ready. If humanitarian missions are required, our experiences in Florida and Somalia strongly demonstrate that our Reserve components are ready. So, I submit to you that our Reserve components are

extremely capable and prepared for mission assignments across the traditional spectrum, as well as the new requirements we face in today's changing world.

Progress is also being made in several important programs which are specifically part of the fiscal year 1993 agenda. First, it is essential that we treat National Guardsmen and Reservists fairly and with respect to their service to the nation. To this end, a Reserve Transition Benefits package has been formulated to ease the transition of eligible Reservists who may lose their drill status due to mandatory strength reductions, or to force management programs designed to shape our forces to ensure future readiness. We greatly appreciate the Committee's interest in this extremely important program which was mentioned in the President's "A Vision of Change for America." This vital program is in place, and the Reserve components are working on implementation details. Additionally, plans for National Guard and Reserve use of voluntary separation incentives and voluntary early retirement authority for the Full Time Support (FTS) members are under review.

Second, we are assessing the feasibility and desirability of extending the eighteen provisions of Title XI of the fiscal year 1993 National Defense Authorization Act to all Reserve Components—even as the Army continues to implement those provisions for the Army National Guard. Our report on the feasibility of wider implementation of this important initiative will be forwarded to the Congress by the end of December 1993. We believe many of these initiatives may be useful in further improving the capabilities of our Reserve forces, and we will be supporting their implementation.

Third, final coordination is underway to implement the National Guard Youth Opportunities Program. This innovative program is designed to provide a basis for determining: (1) whether the life skills and employment potential of civilian youth, who cease to attend secondary school before graduating, can be significantly improved by military-based training, including work experience in community service and conservation projects, provided by the National Guard; and (2) whether it is feasible and cost-effective for the National Guard to provide military-based training to such youth. This is an important initiative which we feel may help restore some of the "American Dream" to younger members of our society who now may have a dim future.

Fourth, we appreciate your continued support for the desperately needed Army Reserve Component Automation System (RCAS), which seeks to improve the efficiency of Reserve component unit operations, and enhance mobilization through ADP compatibility between the active Army and its Reserve components. We believe many Departmental efficiencies can be achieved by increasing ADP compatibility between all Active Components and their Reserve counterparts.

Fifth, the Reserve Officer Personnel Management Act (ROPMA), a much needed tool for the equitable management of Reserve officers' careers, has been reintroduced in the 103rd Congress, and we look forward to passage of this important legislation at the earliest opportunity.

#### FISCAL YEAR 1994 BUDGET

What does the proposed fiscal year 1994 budget provide for our Reserve forces? First, this budget supports less precipitous end-strength reductions than some budgets in prior years. As illustrated by Tables (1) and (2), the Reserve role in the Total Force will continue to grow. This means that the Reserve strength plans, as submitted, more closely reflect the trend suggested by congressionally approved levels.

However, this does not mean that some prudent programmatic adjustments have not been made. One example is the deletion of the Naval Reserve Fast Frigate Trainer program which has been eliminated due to the decreased international threat. The fiscal year 1994 Reserve component MILCON program of \$352 million will continue to improve the infrastructure needs of the Reserve forces. Overall, the FY 1994 budget provides for preliminary end-strength and program adjustments pending completion of Secretary Aspin's "Bottom-up Review," which is scheduled to be completed early to mid-summer.

Speaking of the "Bottom-up Review," for the Reserve components, this review should enable Secretary Aspin to provide the President with a well-reasoned Total Force Active/Reserve Structure designed to meet the requirements of the revised National Security Strategy, and the National Military Strategy. This review will attempt to strike a reasonable balance among the Active and Reserve components—a balance which provides a cost-effective force, while reducing the inherent risks. In addition, the Department will closely examine a range of proposals which will seek greater Reserve involvement in meeting domestic needs. The challenge, of course, is to ensure that we retain the capabilities of the Reserves to meet their pri-

mary war fighting missions while satisfying, to the extent possible, and within the constraints of law, domestic requirements.

As Secretary Aspin said, the fiscal year 1994 DOD Budget is the first truly post-Cold War budget, cutting forces and buying new capabilities we need to meet the dangers we face. It is a budget which seeks to provide as much Reserve flexibility as possible while the Department—indeed while the nation—charts a path to meet the challenges of an uncertain future. Our focus is to assure that those Reserve component forces needed early in a crisis are fully resourced, while preserving the flexibility to structure the remainder of our Reserve components to purposes and programs fully developed in the completed Bottom-Up Review. While end strengths are clearly being reduced across all Services, decisions on large scale force structure changes await completion of the summer review. While some of these changes may affect fiscal year 1994, the majority will likely be seen in fiscal year 1995 and beyond.

#### FUTURE

Recent experience suggests that we may be moving into an era dominated by a series of regional challenges, some of which will certainly be of a humanitarian nature. Yet combat readiness must remain the definitive factor. The latest proposal for the Base Realignment and Closure commission will help save defense dollars, and tailor Reserve infrastructure. One major challenge will be to improve Reserve component equipment compatibility through modernization. Presuming our modernization efforts succeed, and they will, our next major hurdle will be equipment maintenance and sustainment. To this end my staff is currently reviewing equipment compatibility and the adequacy of current maintenance practices.

While it might appear expedient to rush into major program adjustments, Secretary Aspin has made it clear that we need to do it deliberately this time, and do it right—right in the context of the world conditions, right by our nation, and right by our people, both in uniform and civilians.

#### CONCLUSION

In closing, the Reserve components have proven their ability to successfully accomplish a wide range of mission assignments in response to changing national alliances and priorities. The fiscal year 1994 DOD Budget allows continuation of end-strength reductions, personnel transition benefits, and other important actions compatible with changing world conditions. Completion of the Department's "Bottom Up Review" should enable further changes in Reserve force structure to be made wisely, in light of current threats to our national interests. In the near term, it would appear that such threats will be primarily regional in nature.

Thank you for the opportunity to testify today. I look forward to working with you over the coming months as we adjust our Reserve components to our changing world.

Table 1.—COMPARISON OF RESERVE COMPONENT TO TOTAL DOD BUDGET

(Dollars in millions)

	Fiscal year—		
	1992	1993	1994
<b>Reserve component budget:</b>			
Military personnel .....	\$9,656	\$9,315	\$9,212
Operation and maintenance .....	\$7,714	\$8,032	\$8,187
Military construction .....	\$617	\$608	\$352
Procurement .....	\$3,533	\$3,137	\$1,556
<b>Total Reserve budget .....</b>	<b>\$21,520</b>	<b>\$21,092</b>	<b>\$19,307</b>
<b>Total DOD budget:</b>			
Military personnel .....	\$81,055	\$76,361	\$70,084
Operation and maintenance .....	\$92,145	\$90,150	\$89,429
Military construction .....	\$5,287	\$5,125	\$5,901
Procurement .....	\$62,229	\$55,514	\$45,501
Other appropriations .....	\$45,338	\$45,701	\$44,035

Table 1.—COMPARISON OF RESERVE COMPONENT TO TOTAL DOD BUDGET—Continued

(Dollars in millions)

	Fiscal year—		
	1992	1993	1994
Total budget .....	\$286,054	\$272,851	\$254,950
Percent Reserve budget (percent):			
Military personnel .....	11.9	12.2	13.1
Operation and maintenance .....	8.4	8.9	9.2
Military construction .....	11.7	11.9	6.0
Procurement .....	5.7	5.7	3.4
Total Reserve budget .....	7.5	7.77	7.6

Table 2.—DOD MILITARY PERSONNEL

	Fiscal year—		
	1992	1993	1994
Selected Reserve:			
Army National Guard .....	427,000	423,000	410,000
Army Reserve .....	303,000	280,000	260,000
Subtotal Army .....	729,000	702,000	670,000
Naval Reserve .....	142,000	134,000	113,000
Marine Corps Reserve .....	42,000	42,000	37,000
Air National Guard .....	119,000	119,000	118,000
Air Force Reserve .....	82,000	82,000	82,000
Subtotal Air Force .....	201,000	201,000	200,000
Total Reserves .....	1,115,000	1,080,000	1,020,000
Active:			
Army .....	611,000	575,000	540,000
Navy .....	542,000	526,000	481,000
Marine Corps .....	185,000	182,000	174,000
Air Force .....	470,000	445,000	426,000
Total Active .....	1,808,000	1,728,000	1,621,000

Reserve strengths: FY 1992, 38.1 percent; FY 1993, 38.5 percent; FY 1994, 38.6 percent.

**STATEMENT OF MAJ. GEN. JOHN R. D'ARAUJO, JR., USA, DIRECTOR,  
ARMY NATIONAL GUARD**

Senator INOUE. Now may I call on Major General D'Araujo.

General D'ARAUJO. Sir, first of all, I appreciate your kind introduction, and I will just—as General Conaway pointed out, I think our Army National Guard is in good stead today, in large measure due to the support we have received from this committee and integrating with the Army.

I am also happy to report to you that within the last 2 years there has been a great deal of effort, energy, and resources working with the Army to more closely integrate our equipment systems, training, and personnel, and I think we have made some significant

headway in that regard. We walk into the coming year with an agreement on the force structure and end strength numbers that you heard discussed by General Conaway. We are working very diligently to make our strength posture what it should be and I am sure that by the end of the year we will be close to the mark in that regard.

I appreciate the opportunity to speak on behalf of 410,000 Guardsmen and Guardswomen across the country, to represent them before your committee, Mr. Chairman.

Senator INOUE. Thank you very much, General.

[The statement follows:]

STATEMENT OF MAJ. GEN. JOHN R. D'ARAUJO, JR.

U.S. ARMY NATIONAL GUARD POSTURE STATEMENT—FISCAL YEAR 1994

#### PREFACE

The purpose of this statement is to describe the historical roles and missions of the Army National Guard, provide background data on how we arrived at our present organization, describe the Army National Guard as it currently exists, outline the goals of the Army Guard, and describe the initiatives, actions and requirements needed to reach these goals. This approach is a departure from Cold War posture statements which represented a fairly stable process. As the Nation moves through these historic times of transition, the National Guard believes it is important to take time to reflect on who we are and where we fit in the National Military Strategy.

#### FOREWORD

Army National Guard units rapidly deployed to the Persian Gulf in 1990-91 to fight as an essential part of the Army. During Operation Desert Storm, 62,411 Army Guard soldiers were called to active duty. Over 99 reported for duty and 94 percent attained deployable status. The Army deployed 297 Guard units with 37,848 soldiers to the combat zone.

During the Los Angeles riots in 1992, Army and Air National Guard units under State control moved over 10,000 soldiers and airmen, equipment, and supplies by truck convoys and C-130 aircraft into Los Angeles from up to 650 miles away.

The first units in Los Angeles were military police companies from the 40th Infantry Division and the 49th Military Police Brigade. Imagine that you are Municipal Court Judge Ed Lee and you are awakened by a phone call at 3:45 a.m. You are told to assemble your Guard company and to immediately deploy to a city under siege from within. Captain Ed Lee and his company rapidly deployed by Air Guard C-130s. They were in action in Los Angeles 12 hours after he received the call and within 18 hours after the Governor decided to call up the Guard.

During the Los Angeles riots and later in Hurricanes Andrew, Iniki and Typhoon Omar, the National Guard quickly provided security and humanitarian support to communities in distress. Our partners in the active Army, Air Force, Marine Corps and Navy served beside us during these extraordinary disasters.

The National Guard has served community, state and nation for 356 years, from long before Lexington and Concord to the Gulf War. It is a joint force that has dual missions and dual capabilities for responding to international and domestic crises. The National Guard has served as a Federal military reserve in the first line of our Nation's defense since 1790.

Our role was established by the Constitution and confirmed by statute. The National Guard is a full partner in the Total Force, and is equally accessible for State and Federal missions.

The National Guard's Federal mission is to maintain properly trained and equipped units available for prompt mobilization for war, national emergency or as otherwise needed. Our State mission is to provide trained and disciplined forces for domestic emergencies or as otherwise required by state law.

The Guard force structure is balanced to support international and domestic requirements. At the Federal level, the Guard provides the decisive land and air power for major war and key combat, combat support and combat service support units for contingency operations. At the state and local level, the Guard provides

added value to America through the domestic support capabilities embedded in its units.

#### ROLE OF THE GUARD

The basis of the Army National Guard remains as important today as it was over the past four centuries. The Guard serves dual roles, defending against foreign and domestic enemies. This gives the Army Guard its missions of performing Federal tasks, for national defense and for domestic emergencies, and of performing State tasks for local emergencies. The Framers of our Constitution wrote the Guard's dual roles into law. With the ever-present dangers of the world, the dual roles of the Guard remain critical to safeguarding our nation.

#### CHARTER OF THE GUARD

Our birth certificate, or charter, is the Constitution of the United States of America.

The Second Amendment: A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed.

Article 1, Section 8: The Congress shall have the Power . . . To provide for calling forth the Militia to execute the Laws of the Union, suppress Insurrections and repel Invasions; To provide for organizing, arming, and disciplining, the Militia, and for governing such Part of them as may be employed in the Service of the United States, reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by Congress.

Also under this Article, Congress has the power to raise an Army but for no more than two (2) years at a time. In the exercise of its power to raise an Army, Congress has defined the Army as consisting of the Regular Army, the Army National Guard of the United States, the Army National Guard while in the service of the United States, and the Army Reserve. 10 U.S.C. §3062(c).

The reference to the Army National Guard "of the" versus the Army National Guard "while in the service of the" does not describe two different organizations or a two-tiered National Guard. The distinction is one of status not mission or capability.

In defining the components of the Army, Congress has codified that the Army National Guard of the United States is the reserve component of the Army that consists of (1) federally recognized units and organizations of the Army National Guard and (2) members of the Army National Guard who are also Reserves of the Army. 10 U.S.C. §3077.

When the Army National Guard is in the service of the United States, it is a component of the Army. 10 U.S.C. §3078.

As a reserve component of the Army and a component of the Army while in service to the United States, the Guard looks to National policy in determining missions and ascertaining what capability must be maintained in addition to state roles. This policy is found at 10 U.S.C. §3062(a) which states in part:

It is the intent of Congress to provide an Army that is capable, in conjunction with the other armed forces, of (1) preserving the peace and security, and providing for the defense, of the United States, the Territories, Commonwealths, and possessions, and any areas occupied by the United States; (2) supporting the national policies; (3) implementing the national objectives; and (4) overcoming any nations responsible for aggressive acts that imperil the peace and security of the United States.

Congress has made it clear that as a matter of policy and law, the National Guard is an integral part of the first line defenses of the United States. (See 32 U.S.C. §102)

#### NATIONAL GUARD GOALS FOR THE '90'S

To ensure that the Guard is able to accomplish its assigned mission, the National Guard has adopted the following goals.

1. *Readiness*.—Sustain a highly trained and ready force that meets all wartime operational, logistic, and personnel standards.

2. *Equal opportunity*.—Guarantee each man and woman, military and civilian, equal opportunity for entry and advancement in the National Guard in an environment free from discrimination, bias, and sexual harassment.

3. *Health and safety*.—Promote increased individual and unit commitment to health, fitness, and accident prevention.

4. *Environment*.—Aggressively pursue a cleaner environment through identifying and correcting deficiencies and by developing environmental protection measures.

5. *Civil emergencies.*—Provide a highly trained community-based capability that responds to the needs of civil authorities in natural and man-made disasters.
6. *Counterdrugs.*—Render maximum support to local, State, and Federal agencies to reduce the supply and demand for illegal drugs.
7. *Family support.*—Champion programs that provide strong support for National Guard families in peace and war.
8. *Employer support.*—Foster a full partner relationship with the employers of our National Guard men and women.
9. *Community support.*—Expand individual and unit involvement in programs that support our communities and tell the Guard story.
10. *Quality guard.*—Institutionalize a quality culture that promotes continuous improvement through trust, teamwork, customer orientation, and effective management of resources.

#### NATIONAL GUARD PRIORITIES

To meet the National Guard Goals for the 90s and beyond the following initiatives, actions, and requirements are of the highest priority. Balance, pace, and affordability are key to the execution of these programs. They must be implemented as a balanced whole, therefore one cannot exclusively resource one and adversely decrement another.

#### FORCE STRUCTURE

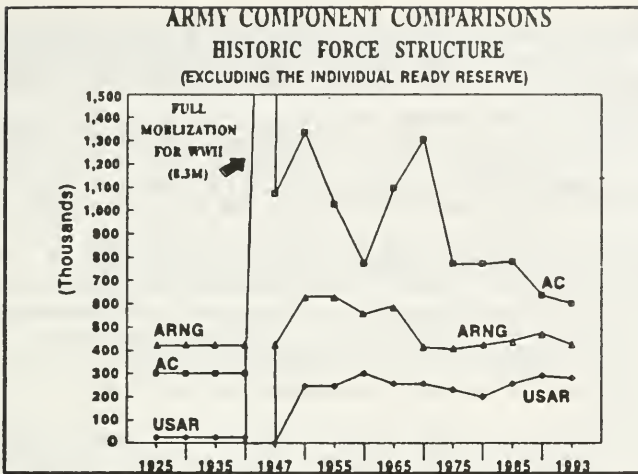
The Army National Guard is undergoing dramatic change as the Total Army is restructured to execute National Military Strategy. Guard forces are affordable, capable, and available to the National Command Authorities and to the Governors of the states and territories. The force structure of the Army is currently under study and the following are the key planning factors.

*Affordability.*—In balancing what we need with what we can afford, especially for the heavy divisions (armor and mechanized infantry), the National Guard is a very attractive choice. The average cost of sustaining Guard units before mobilization is 28–40 percent of the cost of maintaining active units.<sup>1</sup> These are long term cost estimates that include an annual average of the long-term replacement and other capital costs.

*Capability for contingencies.*—The Guard must maintain a force structure consistent with the National Military Strategy. As the active Army is reduced in size, the Army leadership has recognized that to maintain a balanced force, the structure of the Guard should not be reduced below historic numbers. This is necessary to provide the reserve needed in the first line of defense. The Administration's proposal of 420,000 force structure is consistent with pre-WW II structure as presented in Chart 1.

<sup>1</sup>Total Force Policy Report to Congress, Department of Defense—December 1990.





During recent Federal missions, the Guard performed superbly. Operation Desert Storm demonstrated the Guard's ability to participate in major regional contingencies.

Sixty-three Colonel or Lieutenant Colonel level commands deployed to the Kuwait Theater of Operations as illustrated in Table 1. They deployed within the deployment window of a U.S. Army corps. XVIII Airborne and VII Corps deployed in 90 and 104 days respectively. Sealift and airlift were the primary constraints for deploying both Active and Guard units. The National Military Strategy requires earlier closure times for Army forces. As additional ships and aircraft are acquired, Guard units could be available earlier depending on supported CINC's requirements.

Type Units	Mean	Median	Range
2 - Field Artillery Brigades	55	55	55-56
10 - Combat Spt/Svc Spt Groups	25	22	15-56
11 - Hospitals (EVAC & MASH)	39	46	15-55
33 - Battalions (FA, EN, MP, CS, TC, QM)	33	27	14-71
7 - Rear Area Opns Ctr	34	43	14-65

Table 1 Days From Federalization to Deployment

Two large combat formations demonstrated the full potential of the Guard. The 142nd Field Artillery Brigade from Arkansas and Oklahoma and the 196th Field Artillery Brigade from Tennessee and West Virginia performed superbly throughout the operation. Both brigades shipped their equipment to Saudi Arabia three weeks after arriving at the mobilization station and four weeks later the soldiers deployed by air before their equipment arrived.

The 142nd joined VII Corps (US). It provided general support/reinforcing fires for the 1st Infantry Division's breach operation, and then fired reinforcing missions for the British 1st Armored Division. The 142nd and the British artillery engaged 108 Iraqi Republican Guard howitzers, destroying 100 in 24 hours with no friendly casualties or battle losses.

The 1st Battalion, 158th Artillery, Oklahoma ARNG, a Multiple Launch Rocket System (MLRS) unit, fired over 900 rockets in support of the British 1st Armored Division's 4th Armored Brigade. This was the highest rate of fire of any field artillery unit in support of VII Corps (US) and Third US Army operations. The Oklahoma cannoners executed their first fire mission just 48 hours after arrival in theater.

This success was due to the high standards of the units and the coordination among the Army, National Guard Bureau, and the Adjutants General.

*Capability for protracted warfare and large domestic emergencies.*—During this century the National Guard has fielded between eight and nineteen divisions in three protracted conflicts. In World War I, the National Guard supplied 18 combat divisions or about 40 percent of the entire American Expeditionary Force. In World War II, the National Guard brought into federal service more than 300,000 men in 19 combat divisions. The number of Guardsmen federalized doubled the strength of the active Army.

In the Korean War, eight combat divisions and 183,000 National Guard soldiers were called to active duty. In this regional conflict two Guard divisions deployed to Korea, two to Germany, and four provided a rotation and replacement base in the United States.

During the last 25 years, Guard divisions and combat brigades have been called to duty by their Governors to provide critical support during domestic emergencies. The existing divisions and brigades of the Guard are invaluable in protracted conflict as well as during state and national emergencies.

#### END STRENGTH

End strength relates to force structure. All too often, the two are lumped together leading to unintended results. Without taking the analogy too far, force structure can be related to a factory. The factory includes the building, the land, the capital improvements needed to run the factory. End strength is the number of people needed to actually run the factory. End strength numbers represent the number of people you may hire and pay during any given budget year. While related to force structure authorizations, it is not necessary that end strength match force structure in the Guard. The President's Budget contains an end strength of 410,000 for fiscal year 1994. This will ensure that the Guard will be a robust force.

Keeping in mind that units must be viable and not "hollow", the cutting of units is the last option for the Guard for several reasons. The length of time it takes to "grow" a new unit and the new capital investment needed when units are built from scratch must be considered. Unlike the active Army which uses central personnel assignments, the Guard, which is a community based force, recruits within a reasonable distance of the armory. The active commander turns to the Army's personnel system for replacements, but the Guard commander must recruit soldiers "as is where is." Because of this limitation, the Guard cannot afford to lose its soldiers' years of experience in any given unit by closing too early. Simply put, you do not have to close the factory just because you can only man it at 95 to 97 percent due to an economic downturn. This, too, is a question of balance and affordability.

The priority of personnel fill for units is based on the deployment schedules so that early deploying units will be fully ready to deploy immediately. The plan is for later deploying units to be filled out with individual replacements in plenty of time to meet their wartime mission. This plan is less expensive than having all units manned at 100 percent or more.

#### READINESS

On August 7, 1990, the President ordered American troops to Southwest Asia. The next day the lead element of the Third U.S. Army Mobile Communications Unit deployed from the South Carolina Army National Guard. This was possible because of the unit's high standards of readiness and streamlined procedures which enables the deployment of these Guard soldiers anywhere in the world, at any time, to support any contingency. We are building on the success of this operation.

The Army National Guard established Project Standard Bearer (PSB) on November 1, 1991 with the primary charter and focus of developing, coordinating and institutionalizing policy and programs to ensure the Guard is ready to be a full partner with the active Army during the contingency era.

*Project Standard Bearer.*—This project is enhancing the readiness and capability of our Roundup and Roundout Brigades and Contingency Force Pool (CFP) units, which are our highest priority units. This program will achieve and sustain fully manned and totally equipped CFP units prior to the end of fiscal year 1993. All Roundout and Roundup Brigades, with the exception of one brigade undergoing modernization, meet deployment standards.

The accessibility of these high priority units is enhanced by the following programs.

*Operational unit program.*—The 38 earliest deploying Guard Units in the Contingency Force Pool are available for deployment, in a volunteer federal status, within 7 days of an alert. The Operational Unit program is not contingent on Title 10, 673b Presidential Selected Reserve Call-up authority. This program's goal is to provide high priority Guard units capable and available for short notice contingencies.

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## ARMY GUARD READINESS

- o Improved 19% since 1985
- o Deployable unit status is at the highest level in history\*
  - oo 31% increase in equipment on hand
  - oo 5% increase in available personnel
  - oo 1% increase in Training
  - oo 1% decrease in MOSQ
  - oo CFP/Roundout/Roundup improved 11% since JUL 92

\*1796 Reporting Units

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### Table 2 Readiness

*Humanitarian support unit program.*—The program will provide volunteer Guard units to support worldwide humanitarian missions on a 72 hour notice for up to 45 day rotations. Twenty-seven states and territories have nominated 89 units to participate.

Overall the Army National Guard resource and training levels have improved by 19 percent since October 1985 due primarily to a 31 percent increase in equipment on hand. During this same period, available personnel increased by 5 percent. By the end of fiscal year 1992, resources and training levels in the Army Guard returned to pre-Operation Desert Storm levels. Increases of 7 percent in equipment on hand and 10 percent in equipment readiness are attributed to equipment that returned to operational status from Southwest Asia.

*Mobilization readiness.*—Our activity level has subsided only slightly since our extensive efforts in support of Operation Desert Storm. Training and mobilization preparedness continue as a major objective for the Army Guard. We are guided by the experience of mobilizing 62,411 soldiers for the Gulf War. Training for and evaluation of mobilization preparedness are essential for improving unit and State Area Command (STARC) capabilities to execute mobilization and deployment responsibilities.

Army Guard units participated in numerous overseas deployment for training exercises in fiscal year 1992 to include TEAM SPIRIT, ULCHI FOCUS LENS, KEEN EDGE/YAMA SAKURA, COBRA GOLD, USARPAC ENRETE/MEDRETES (PACIFIC), REFORGER, NORTHERN VIKING, TRADEWINDS, CRESTED EAGLE and various Special Operations exercises. Additionally, our units participated in CONUS based exercises including WAR FIGHTER, LOGEX, GOLDEN CARGO, CASCADE PEAK, CASCADE PINE, OPTIMAL FOCUS. In each instance, Guard units demonstrated they can successfully perform required mobilization activities within a time frame which has the potential for reducing theater arrival dates. Continued participation in these types of exercises reinforce and enhance Army Guard unit capability to mobilize and deploy.

During the second quarter of fiscal year 1992, several STARC headquarters and 22 selected Army Guard units participated in the Headquarters, Department of the Army mobilization exercise OPTIMAL FOCUS 92. This was a mobilization exercise designed to evaluate a high priority unit's ability to assemble, load equipment, and

depart for a mobilization station within seventy two (72) hours of notification. Lessons learned in the exercise are being applied throughout the mobilization community and will be tested in future JCS/DA directed mobilization exercises such as, OPTIMAL FOCUS, PRIME DIRECTIVE, and CALL FORWARD.

Army Guard units participated in more than 912 local mobilization exercises conducted by state headquarters throughout the United States. These exercises (Mobilization and Deployment Readiness Exercises (MODRE), Readiness for Mobilization Exercises (REMOBE), and State Area Command Exercises (STARCEX)) are each specifically designed to enhance Army Guard unit and individual preparedness for mobilization and deployment.

This year has brought a number of changes to mobilization planning and doctrine. Based on the lessons learned from Operation DESERT SHIELD and DESERT STORM, mobilization doctrine has been developed to enhance the mobilization of Reserve Component Forces. The National Guard Bureau has been proactive in working with the Training and Doctrine Command in institutionalizing the Desert Shield experience in consonance with reduced force structure and reordered defense priorities. The Army Guard is committed to meeting the next challenge with policies and systems that enhance our ability to respond when called upon.

#### FULL-TIME PERSONNEL

Our Full-Time Support (FTS) program is facing the greatest challenge of its history. Chartered by Congress to organize, administer, recruit, instruct, train, and maintain the Army National Guard, this full-time force for fiscal year 1993 of 27,084 military technicians, 24,686 Active-Guard Reserve (AGR) and 449 Department of the Army (DA) civilian personnel fills two-thirds of our validated, full-time requirements.

The Army Guard is being challenged to assume responsibility for more missions while Full-Time Support faces reductions. Our units have been deployed on more operations in a greater variety of geographical areas in the past 36 months than at any other time in history. During this same period, FTS has been reduced by 2,950 personnel, approximately 5.7 percent of our current force. The real effect has been much greater because of additional missions assigned to the Army Guard, largely as a result of the draw down of the active Army. Chart 2 shows that at the same time our military technician authorizations were decreasing, technician requirements increased by 4,469.

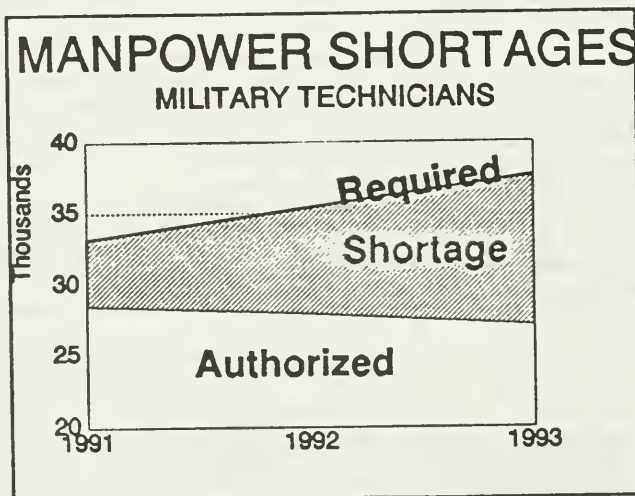


Chart 2 Full-Time Support Shortage

Full-Time Support requirements are determined by detailed analysis of the workload of each unit in the Army National Guard. The number, type, and grade of the required personnel are determined by classification studies on the number of work-years needed to support Guard units and personnel in administration, supply, training support, recruiting, maintenance and readiness management. The authorization

and assignment levels of Full-Time Support personnel are established by the National Guard Bureau based on a unit's deployment priority. For example the National Guard Bureau is significantly increasing the number of full-time personnel to support early deploying Contingency Force Pool (CFP) and Roundout/up units.

The Guard has experienced additional workload requirements in order to maintain complex, modern equipment such as the Apache helicopter, and Patriot and Hawk air defense systems. Guard units can maintain these systems at a significant cost savings to the Total Army but they do require significantly more full time support than modernized infantry, armor, and engineer units. To remain a capable and efficient force requires that the Guard be equipped with the same modern equipment as the active Army. Chart 3 shows the variance of full-time support Guard units require with state of the art equipment.

The assignment of active Army soldiers to high priority Guard combat units is a welcome addition to existing full time support. These soldiers enhance unit readiness by providing expertise in the planning and execution of all levels of training. Because of their recent active duty experience in similar types of units, they are also daily sources of coaching and mentoring of Guard soldiers and leaders.

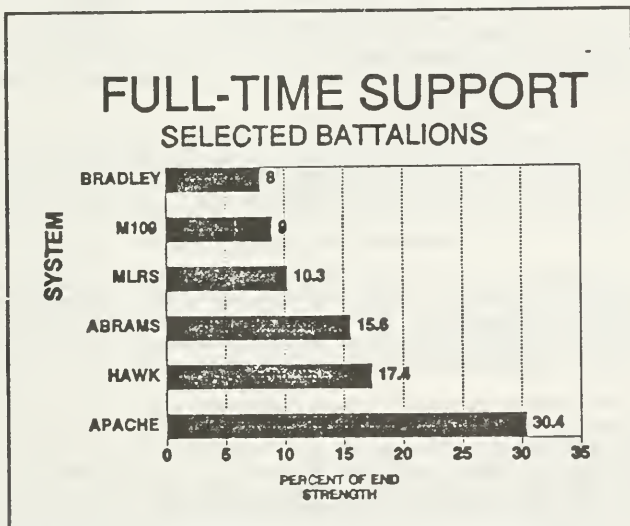


Chart 3

In addition to performing our traditional federal and state missions, the Army Guard has been tasked to place unit members on active duty with their unit's senior Army headquarters to plan, prepare and participate in major training, exercises and deployments. The Army is considering tasking the Guard to provide Operational Support Airlift fleet management for the Total Army, train additional active duty soldiers at Guard operated schools, and operate some active Army installations for the Army Reserve Component training programs.

Congress has also authorized and funded an increasing number of Full-Time Support and M-Day personnel to work with local and national law enforcement agencies in the war on drugs.

Currently, AGR requirements are filled at 61 percent of requirements. The National Guard Bureau is increasing full-time support to our high priority units. The support to these high priority units coupled with the increased AGR requirements because of new missions requires major reallocation of resources within the system. The Full-Time Support contained in the Presidential Budget is critical to the readiness and capability of the Army National Guard.

#### RESTRUCTURING THE GUARD FOR THE 21ST CENTURY

The Guard is restructuring its units to conform to the Army's warfighting doctrine. Among the many changes will be a reduction of two (2) divisions during fiscal year 1993. Three standard infantry divisions are now converting to heavy divisions. This is significant because these divisions are the most expensive to keep in an ac-

tive status, yet the hardest to grow from scratch. This conversion will ensure the Nation has a creditable, in depth reserve to handle any mission. A well trained force of heavy divisions gives real meaning to the term "power projection," provided we have sufficient strategic lift capability.

The pace of restructuring is crucial to being able to maintain viable units as we go through this process. When dealing with a community based force, units cannot be swapped, relocated, or re-flagged with the ease the active Army enjoys. Even the rumors of abolishing a unit may destroy the unit in a very short order. The Guard can move with a rapid pace but it must be steady. Too many false starts in the development of the total mix of forces could have a negative impact on the Guard for many years. Congress recognized this phenomenon by affording some protection to the states when it enacted §104(c) of Title 32, which states in part, "However, no change in the branch, organization, or allotment of a unit located entirely within a State may be made without the approval of its governor."

#### MODERNIZATION OF EQUIPMENT

Modernization, as used here, refers to the type or series of equipment and should not be confused with conversion of units. An example of conversion is a military police unit becoming a transportation unit. Modernization is updating or refitting the unit's equipment to the standard level of technology used by the active Army, such as replacing the M113 Armored Personnel Carriers with the Bradley Infantry Fighting Vehicle or the improved M113A3.

As we grow smaller, modernization becomes imperative. During fiscal year 1992 we received additional Abrams Tanks, Bradley Infantry Fighting Vehicles, Fire Support Team Vehicles, Night Vision Goggles, SINGARS Radios, Tactical High Frequency Radios, HAWK Missile Systems, Multiple Launch Rocket Systems, Mobile Kitchen Trailers, and upgrades of M109 Howitzers to the A5 configuration.

#### EQUIPMENT REDISTRIBUTION

Due to equipment deliveries to the Guard, our equipment on hand readiness status has greatly improved. The Guard does have shortages in essential systems. Examples of these shortages are secure tactical communications; Multiple Launch Rocket Systems; Bradley Fighting Vehicles; tactical medium and heavy trucks; test, measurement and diagnostic equipment; and chemical protective clothing and equipment.

There are equipment shortages for both conversion and modernization programs. Many of these shortages have been filled or will be filled by equipment made available from downsizing the active Army. It is essential that we continue to receive the most modern equipment available, but receipt of the equipment was not programmed for this year. Additional maintenance technicians, transportation, operating tempo (OPTEMPO), storage, new/displaced equipment training (NET/DET), and special tools/test equipment will have to be provided from existing resources. While this may be painful at times, we have assumed the mission in the near term to facilitate the transfers.

Last year, the Guard established and operated ten sites for repairing wheeled vehicles returned from Southwest Asia. By the end of this year, the Guard will have returned over 6,000 vehicles to service and conserved Army resources while improving the equipment on-hand and modernization status of over 790 Guard units.

Another area of success for the Total Army is the National Guard's program to repair equipment being returned from other overseas locations. Although quantities are not final, we anticipate a multi-year mission which will return over 11,000 pieces of equipment to acceptable standards for issue to the Total Army.

#### TITLE XI IMPLEMENTATION

To ensure the Guard continues to improve its readiness, Congress enacted the National Guard Combat Readiness Reform Act of 1992, Title XI. This legislation mandates that the Army National Guard improve its readiness through greater interface with the active Army and revised standards of readiness. Title XI is both challenging and necessary for the Guard to improve readiness.

The National Guard Bureau is working closely with the Army Staff and Forces Command to implement the provisions of Title XI. The following sections require a significant change in the way the Army and Guard have managed personnel in the past.

The Section 1111 objective to achieve a higher percentage of prior service active duty (65 percent officer and 50 percent enlisted) by September 30, 1997 requires new programs and accession policies. The National Guard Bureau has proposed the

creation of a Total Army Integration Account for Army Guard soldiers who go on active duty to gain experience and simultaneously support active Army requirements. An example of this is a two year active duty tour for Army Guard lieutenants upon completion of officer candidate school or the Reserve Officer Training Corps program. The entire proposal, while still under consideration by the Army, has an estimated cost of \$50-100 million.

Provisions for medical and dental readiness standards will greatly enhance overall deployability of Army Guard soldiers. Every soldier over age 40 will receive a complete physical examination every two years (twice as often as currently required). Every soldier will receive medical and dental screening to identify potential problem areas. The Guard is examining options and costs for providing corrective care and is working closely with the Office of the Army Surgeon General to develop a plan. Any proposal, if approved, has a cost estimated to be around \$60 million.

#### QUALITY PERSONNEL

The Army Guard is tasked with the challenge of bringing down its end strength while increasing the quality of the force and maintaining the highest levels of readiness. We are committed to the successful accomplishment of this mission. Our challenge is to successfully compete with the other services as we face a smaller pool of individuals eligible for enlistment. This requires positive steps to recruit additional women and continued emphasis in retaining quality soldiers. Making these challenges even greater are the dwindling resources available to man and train the force.

Improving the quality of our soldiers also enhances our readiness. Of the 69,000 accessions into the Guard last year, 40,000 were from active duty or had prior service experience. The proportion of our recruits who are high school diploma graduates has increased. Goals have been established to significantly increase the test category and civilian education level of non prior service accessions. The goal of 98 percent in the top three test categories has been established. Currently we are recruiting at 97.5 percent.

We have established a goal of 94 percent high school diploma graduates. Even though our current rate of 86.2 percent is below our objective, when added to the alternate credential holders (GED) our total high school graduate accession rate is 99.9 percent. We are also increasing quality by intensifying our efforts to recruit fully qualified prior service soldiers, with emphasis on enlisting soldiers immediately upon leaving an active component.

#### OPERATIONS AND MAINTENANCE

Historically, Congress has provided sufficient operations and maintenance funding to the National Guard. Last year, Congress saw the need to increase end strength and funding from the Base Force budget levels. The Administration's budget proposal this year has a unified Army position for end strength totalling 410,000 for the Army National Guard. The budget includes funding for the payroll costs associated with this end strength.

Operation and maintenance funding is a critical element of the budget. It is necessary to maintain readiness, absorb force modernization initiatives, and provide logistical repair support. The full funding of operational and maintenance funds is especially important because of the increased cost of repair parts and upgrade of systems and equipment.

Last year Congress appropriated \$15 million for training enhancements. These funds increased our integration with the active Army through Resident Training Detachments, Operational Readiness Evaluations, and other initiatives. We found that these initiatives have a positive effect on readiness.

As our nation also looks inward at domestic needs, the Guard stands ready to continue its efforts in working with our youth and providing medical care to the nations underserved. These programs add value to America and strengthen our nation.

#### TRAINING

The Guard develops and executes some of the most dynamic training programs available. All eight of our combat divisions are involved in the active Army's Battle Command Training Program, a three year staff training strategy that rotates through Warfighter Exercises at the Army National Guard Leadership Development Center at Fort Leavenworth, KS.

Roundout and Roundup Brigades will annually attend the Battle Command and Battle Staff Training program at Fort Leavenworth, with all other maneuver brigades participating every three years. In Training Year 93, five battalion task force

size units will serve as opposing forces against the active component units at the National Training Center (NTC) at Fort Irwin, California.

Eleven brigade staffs will participate in the Forces Command Leader Training Program at the NTC; one brigade will participate in the Leader Training Program at the Joint Readiness Training Center (JRTC). Annually, the Guard will send a brigade through the normal JRTC rotation, and in 1995 we will begin brigade rotations through the National Training Center.

In 1993, 25,000 Guard soldiers will train overseas. The Guard participates in exercises, provides mission support to the OCONUS Theaters, and provides units in support of the Regional Commander-in-Chiefs' strategies for Nation Assistance. We will process, deploy, and train units in over 30 countries during 1993.

The Guard Leader Development Center, also at Fort Leavenworth, is equipped with modern simulation hardware and is linked with the National Simulation Center. The Center has a Standard Command Post located within the 35th Infantry Division Headquarters Armory. This Center will provide support for collective command group and staff training for Guard Divisions and Maneuver Brigades.

The Guard is currently working on an Armor Crew Training Strategy to enhance readiness of our Armor and Mechanized Infantry units. This collaborative effort by the Guard and Training and Doctrine Command's Armor and Infantry Training Centers will combine schoolhouse and field experience to develop a viable training program to meet the Guard environment and provide ready units.

#### COUNTERDRUG OPERATIONS

Counterdrug support operations continue to increase for the Army National Guard. So far during fiscal year 1993, Army Guard soldiers have participated in 2,335 operations in all 50 states, the District of Columbia and territories. Typical missions are marijuana eradication, border and customs checks, ground and aviation surveillance and reconnaissance, data processing and training for law enforcement agencies. Guard soldiers provide valuable support for Federal, state and local authorities in the war against drugs.

#### MILITARY SUPPORT TO CIVIL AUTHORITIES

During the past year the Army National Guard continued its long tradition of immediate response to domestic emergencies. In 51 of our 54 states and territories, Guard soldiers performed 322 emergency missions during fiscal year 1992. These missions included four civil disturbances, 206 domestic emergencies and 112 natural disasters. Overall, the services of 27,782 Air and Army Guardsmen, some 375,000 workdays, were required to meet these challenges. Whether providing shelter to the victims of Hurricane Iniki, or holding the line against flash floods in Puerto Rico, the Army Guard turned each of these challenges into an unqualified success.

A recent case study of Guard capabilities was the recent unrest in Los Angeles. The wave of violence and rioting left 58 dead, 2383 injured and 5383 separate fires burning. When the extent of the violence became apparent, a "cold start" Guard mobilization was ordered by the Governor. With little or no advance notice, nearly 2,000 Guardsmen reported to their armories within six hours. Within 48 hours, over 6,000 Guardsmen were on the streets of Los Angeles. Another 4,000 were nearby and a curfew was in full force. Crime had plummeted nearly 70 percent.

A similar success story can be found following the 140 mile per hour winds of Hurricane Andrew, which hit the southern third of Florida on August 24, 1992. The storm blasted a path of destruction that left 230,000 homeless, 85,000 homes destroyed and over 22 billion dollars in total property damage.

The National Guard responded before the storm struck: by noon of the previous day, 1,500 Guardsmen were mobilized. By 10:00 a.m. on the day of the Hurricane, Guard soldiers were on the streets of Miami conducting stationary and roving security patrols. By August 25th, Guard strength had grown to 4,000 and humanitarian relief began to be administered to the beleaguered community. Relief included medical support, debris removal and the construction of temporary housing for the many homeless.

When Federal assistance arrived, the Guard transferred many humanitarian functions to Task Force Andrew in order to concentrate on law enforcement functions. This law enforcement support, performed without the constraints of the Posse Comitatus Act, was hailed as one of the biggest successes of the Hurricane Andrew mission. In all, over 6,000 Guardsmen participated in the Hurricane Andrew Relief Operation, nearly 20 percent of all forces eventually deployed.





The success of these relief operations, coupled with our previous successes in Operation Desert Shield, demonstrated the capability of the Army National Guard's combat units. In his after action report of Hurricane Andrew, General Gordon R. Sullivan, U.S. Army Chief of Staff noted "the recent operations in Florida demonstrated that our combat units possess enormous adaptive capability—fueled by a doctrine emphasizing flexibility, versatility, efficiency, decisiveness and creativity, as well as the necessary equipment and supplies, to conduct disaster relief operations".<sup>2</sup> Beyond the advantage of having combat structure in the Guard for our warfighting mission, the Guard has long realized that combat units are ideally suited for domestic disaster relief missions.

#### TOTAL ARMY

For the Army National Guard to reach its maximum potential, it needs the active Army. The active Army sets the standards, allocates the resources, and monitors the readiness of the Total Army. Its guidance and commitment are the only way to attain a well equipped and properly trained militia. There are numerous Army programs underway to improve the Total Army. One program is BOLD SHIFT, an Army action plan with initiatives to increase overall readiness in Guard units. BOLD SHIFT stresses the lessons learned from Operation Desert Storm.

The Army's professional education standards are now standard throughout the Total Army. Primary Leadership Training, the Basic Non-commissioned Officer Courses, and Officer Basic and Advance Courses are necessary for every soldier to advance. The Guard's Regional NCO Academies play a significant role in the Army's training system. Guard schools augment the Army's resources to provide training opportunities for all soldiers.

<sup>2</sup>Gen. Gordon R. Sullivan, U.S. Army Chief of Staff, Hurricane Andrew: An After-Action Report, Army Mag., January 1993, p. 16-22.

Massive force reductions confront the Total Army. A smaller active Army demands close integration between the Guard and the Army Reserve. Inactivation of units demands meticulous attention to ensure sufficient Guard force structure remains to accomplish both Federal and State missions. The National Guard Bureau and the Army are closely reviewing the draw-down.

All Army Guard soldiers must be proficient in Federal and State requirements. There is no substitute for individual readiness and the sacrifices that have to be made to achieve this. The Army Guard is committed and ready to maintain its ability to handle both national and local emergencies.

The Total Force is a reality. This is not a monolithic military agency, but is a single force made up of more than one component with a common purpose—defense of the Nation. We are stronger than the sum of our individual parts because we bring all America to the table of National Military Strategy.

The active Army must rely on highly institutionalized procedures and repeated practice to ensure the system works immediately. This is no mean feat in light of the high percentage of troops and officers who are new to any unit on a given day. The Guard must follow a different path to arrive at the same point as the Regular component. The Guard uses the same procedures but must compensate for lack of repeated practice by taking advantage of its inherent stability and the relationships it is able to build with its people. We are able to rely on relationships and knowledge of the capability of our soldiers.

One soldier and scholar states that the active Army should be viewed as that which is ready to go and which establishes the standards. The Army National Guard is proud units; cohesive, patriotic and ready to serve locality, state and nation.<sup>3</sup>

#### FUTURE OF THE GUARD

Change in the world political environment provides our Nation with an opportunity to develop a mixture of military forces to meet future needs at an affordable cost. The Army Guard's role remains an important part of the equation.

For Federal and State actions, the Army Guard must have a readiness level that ensures success in both missions. Our domestic capabilities are embedded in our combat, combat support and combat service support units. With the resources provided by Congress, the assistance given by the active Army, and the support of our communities, the Army National Guard will continue to be an integral part of the first line of defense.

The National Guard is capable, available, and affordable. We can provide the right amount of combat forces at the right time, the right place and the right price.

#### STATEMENT OF MAJ. GEN. PHILIP G. KILLEY, USAF, DIRECTOR, NATIONAL GUARD

Senator INOUE. General Killey.

General KILLEY. Thank you, Mr. Chairman. I would echo General Conaway and General D'Araujo's remarks on the support that the committee has given not only to the Air National Guard, but to our total Air Force. And I am very pleased to say that I think the Air Force has really led the way on making total force work. As we have reduced force structure and restructured, the Air Force has placed more reliance on the Air National Guard in virtually every mission area and we have also expanded into new mission areas that you are very well aware of, such as B-1 bombers that we are looking at in the future.

As those reductions have occurred, the Air Guard has been minimally impacted, because the Air Force has absorbed virtually all of those cuts as they have reduced forward basing and gone through closure of some of their bases here in the United States. But as we look to the future and reduce below what we call base force, the Air Guard will be impacted.

And our priorities are to support the Air Force and provide to them our units and people, make them accessible to do the mis-

<sup>3</sup>Lt. Gen. Frederic J. Brown, USA (Ret.), The US Army in Transition II, p. 64.

sions that we need to do for them as they rely more and more upon us. But I will tell you that we will be impacted on those further reductions as we look to what size and shape our Air Force of the future will be.

Thank you.

Senator INOUE. I thank you very much, General.

[The statement follows:]

STATEMENT OF MAJ. GEN. PHILIP G. KILLEY

Mr. Chairman and members of the committee, thank you once again for the opportunity to appear before this committee on behalf of the 118,000 proud men and women of the Air National Guard today.

When I testified last year I said the Air Force had done it right. In tough times, they have kept the faith with their Guard and Reserve forces. When we were needed, we were called. When we went, we were prepared to do the job. Today the Air National Guard continues to play an essential role across the breadth of Air Force activities and missions. Our Air Guard force structure is balanced to support both our federal and state missions. We are a cost-effective community-based defense force trained and equipped to rapidly and skillfully respond to the needs of our country, our states, and our local communities. The volunteer spirit of our men and women reflects the finest traditions and history of the Militia.

The Air Guard response to the Air Force's call for volunteers to support a host of disaster relief and humanitarian missions both in the United States and throughout the world has been overwhelming. I am proud of them. More important, they are proud of themselves, and their communities all across America share in that pride. We have proven that the Air National Guard does—truly “add value to America.”

As the new national defense strategy unfolds which recognizes the profound implications of political change taking place around the world and the corresponding drawdown of our military forces resulting from the changing threat and competing national priorities, the Air Force has vigorously and systematically implemented a balanced drawdown of its force structure. The Air Force has postured itself for the future by reorganizing, restructuring, and balancing today's readiness and tomorrow's modernization. The Air National Guard has changed with the Air Force to insure that we remain compatible, interoperable, and accessible with our Global Reach, Global Power Air Force team. To prepare for the future, we have made organizational improvements and force structure changes to better meet the needs of tomorrow's Air Force. Today we have assumed a greater share of the nation's defense responsibilities even though the Guard's size has not increased. To accomplish so much with smaller forces requires operating more flexibly and being creative about how we use our forces.

Next year, the Air National Guard marks another major milestone as we transition into the heavy bomber mission. We are also continuing to work with the Air Force to define potential roles for the Air National Guard in space missions. These missions make sense for the Air Guard as we respond to the changing military force requirements. We have the skill and capability to do almost any mission assigned if properly resourced.

The Air National Guard has stepped forward to meet the day-to-day operational commitments of the Air Force. The call has come not just for our fighter, tanker, and airlift assets, but also for our communications, medical and civil engineering capability. This past winter we had Air National Guard men and women deployed to every continent including Antarctica using their skills and training supporting our national interests around the world. I am especially proud of the humanitarian efforts of the men and women in our airlift units who for most of this past year have been actively participating in the relief efforts in Sarajevo, Kenya, and Somalia. We fully expect this demand for Air National Guard participation to continue, if not increase. Increasing calls for Air Guard support means that we have to continue to adequately fund our operation and maintenance and military personnel accounts. We have developed a strong partnership with the Air Force to insure that our Air National Guard is properly resourced, trained and equipped—a strong Air Force means a strong Air National Guard. Together with the Air Force, we have committed the resources to maintain a well trained and equipped Total Force. Our fiscal year 1994 budget request accordingly includes funds for training, maintenance, and other requirements essential to maintaining the high level of readiness which the Air National Guard has achieved in the past. We continue to modernize our aircraft

fleet. In the last year we have received 126 F-16C/Ds, 12 C-130Hs, 26 KC-135Rs, 4 C-141s, 24 F-4G and aircraft. At the same time we were able to withdraw 303 older aircraft from the inventory, of which 174 will be retired. We will retire the remainder of our A-7s, some A-10s, and continue our conversion into the F-16C/D aircraft. By the end of fiscal year 1993, the Air Guard will have converted all its A-7 units to the F-16 or KC-135 and will no longer have any A-7s in the inventory. We will also continue to modernize our mobility fleet by replacing older C-130s with the new C-130Hs. In addition, we continue to expand our air rescue capability with the procurement of HH-60 helicopters.

Operational upgrades to improve our aircraft fleet continue to be strongly supported. We continue to modify our fighter fleet to provide a significant increase in wartime capability. Upgrading our weapon systems delivery capability will provide us with the ability to fight beyond visual range. Additionally, night vision capabilities and other operational modifications are being added to improve aircraft capabilities in the war on drugs. Defensive systems, safety and navigation modifications help insure aircrew and aircraft survivability. Extending the useful life of current aircraft systems makes good economic and military sense. Mission enhancing programs such as upgraded defensive systems and improved common radar for our airlift and tanker mobility assets, and programs to extend the service life of our airlift aircraft should continue to receive strong support even though our force is getting smaller. These are prudent modernization efforts which are critical to our future ability to project power.

Despite intense budgetary constraints, the Air Force has avoided major downsizing of the Air Guard. It has been suggested that with further reductions, the Air Force will have no choice but to reduce the Guard and Reserve. We do not welcome that prospect; but we do understand it. However, it is Total Force history, culture, and tradition that the Guard and Reserve act as full partners in the programming and decision-making process and we will jointly be ready to address such reductions should they come.

We must find smart ways to reduce those things that are no longer needed. When cuts come we seek alternate missions. Next we seek to downsize in-place to maintain the National Guard infrastructure in our local communities. Only as a last resort do we intend to close units.

Common sense says we must maintain a prudent pace in the defense drawdown. Any shift in magnitude of the Air Force force structure changes should be done in a orderly fashion to avoid damaging or destroying the forces we are trying to preserve and to soften the impact on our people.

People are our number one priority. Recruiting, training, and retaining the best and brightest remain our highest priorities. These also pose our greatest challenges. We are pushing our personnel systems to the limit to smooth the transition of our reductions in full-time civilian personnel back into an economy that is not as robust as it could be. We are losing over 1,300 full-time civilian personnel during fiscal year 1994, and are concerned about helping our people transition to other careers. Simultaneously we want to preserve the right mix of skills and experience while motivating and training the force that remains.

To better serve our people, our Air Force, and our nation in this period of dynamic change, we have remained committed to our journey in continuous quality improvement. This process has meant we have had to change our way of looking at who we are, who we support, and how we do it. Thus, we have set in motion a more structured approach to managing and improving the quality of our products and services.

The Air National Guard is also fully committed to correcting past environmental problems, avoiding future noncompliance, changing business practices to avoid pollution and, in partnership with the Air Force, becoming the overall Department of Defense leader in environmental quality. We have committed the resources in the fiscal year 1994 President's Budget to fund all currently identified recurring operations and services and Level I requirements to correct existing noncompliance problems and addressing any areas which would be out of compliance if not addressed in the program year.

Maintaining a quality Air National Guard during this period of downsizing is the challenge and focus of the fiscal year 1994 budget. This budget request reflects the impact of the Air Force and the Air National Guard in transition. It represents the minimum needed to preclude increasing the gap between resources and readiness. We are continuing to explore options in which the Air National Guard can adjust its forces to retain and improve its versatility, our ability to deploy, and our ability to maintain a viable rotation base in peacetime to meet the needs of the Air Force, the nation, the states, and the communities.

On behalf of all the men and women in the Air National Guard I want to thank you for your outstanding support. We have continually demonstrated that your support of the Air Guard has added value to America. The Air National Guard stands ready, eager, and accessible to meet future challenges as a full partner in the Total Air Force.

Senator INOUE. Gentlemen, we have learned from Desert Storm that in any significant deployment such as Desert Storm, we would have to call up the Reserves and the Guard. In fact, the testimony we have received to date from the Active forces would suggest that it would be impossible to carry on two Desert Storms without full mobilization.

Now, there is a possibility that we may be engaged in Bosnia. Is it too early to tell us what type of forces will be deployed if we do get into Bosnia?

General CONAWAY. I think it basically is, Mr. Chairman—from the National Guard's standpoint, we stand ready to provide whatever they ask for, be it combat support, service support, or some combat units to back up the Army. The Air National Guard is already involved, as the Air Force Reserve has been, in airdrops as well as taking equipment and supplies in and out of Sarajevo.

So there has already been some heavy involvement by the Air National Guard in this thus far. Whether any fighters would get involved if it goes to the next phase or not, I think that would be up to the level of activity. And we would stand by to support the Air Force on that, as we would the Army. We are their customers and we will support them as they ask for help or as the President does.

#### DEPLOYMENTS

Senator INOUE. Are any steps being taken at this moment to prepare our units for this possible deployment?

General D'ARAUJO. Mr. Chairman, what we have been doing in the Army National Guard, if I can just take a moment—we started right after Desert Storm as the Army was reconfiguring force structure, types of structure, what we call our Project Standard Bearer. This is a refocus of our allocation of resources to our highest priority units. These are units that are identified for Contingency Force Pool missions, such as the one you are referring to.

What we are looking at are combat support and service support units that we deliberately front load with full-time manning at the highest levels, maximize the discretionary training dollars available for personnel qualification and collective training, and bring them to the highest levels of readiness that we can with our resource allocations.

I am happy to report to you, we have 186 units in this category. We also include in this resource allocation and concentration of our energies, our six roundout and roundup brigades. The 186 units that we have in the Contingency Force Pool have achieved the highest levels of readiness of the entire Army National Guard force. We have been preparing our units not specifically oriented on this particular contingency, but posturing them in a condition to respond to a wide array of contingencies such as this one.

Senator INOUE. Do you mean to say the 186 units are ready for almost immediate callup?

General D'ARAUJO. They would be ready for an immediate callup; yes, sir. They would probably require some degree of postmobilization processing and some training. However, we have gone a step further in the Army National Guard and have proposed to the Army, identification of some units that we classify as operational units that could be ready for deployment within 7 days, and humanitarian support units outside this Contingency Force Pool that could be deployable in a shorter period of time, such as—our timeframe is 72 hours.

Senator INOUE. General Killey.

General KILLEY. Mr. Chairman, as General Conaway said, the Air Guard is already involved in the operations in Bosnia with our C-130 airlift aircraft. Our unit out of Nashville, TN, currently has aircraft and personnel deployed in that operation over there. If the operation expands, we readily anticipate that our tankers and more airlift aircraft would be involved, to include probably some of our mission support capabilities such as combat communications as well.

The requirement for fighters probably can be absorbed by the Active component totally, depending on what that requirement is. But I am here to tell you that over 90 percent of our units and people are C-1 or C-2 and ready to deploy when notified, and we work closely with the MAJCOMS, particularly Air Mobility Command, in assessing what those requirements are as we keep a continuous watch on that situation.

Senator INOUE. Thank you very much.

#### PERSONNEL REDUCTIONS

General Conaway, we oftentimes hear that personnel reductions should be minimized because of the special role that Guardsmen and Guardswomen play in addressing civil emergencies. However, we have been advised that in 1992 only 7 percent of the personnel were used for this purpose. Are those numbers correct?

General CONAWAY. They may be correct when you look at the numbers. When you look at the number of days that they are used, though, that adds up to quite a bit, upward of one-half million man-days in operations such as that. And that varies. The States have a tendency to call out just what is needed—the Governor does—because they are paying for it. And depending on how long the operation is, they will rotate it.

Recently, Hurricanes Iniki, Andrew, and Omar have driven those figures up considerably, because of the length of time these people are on duty. We had 7,000 in Florida on duty. That was 70 percent of the Florida National Guard, the rest were used to rotate, and they were on duty from mid-August until the end of October, and then 2,500 were left on duty almost until the end of December.

So I think that those figures may be fairly accurate, but the way the Guard is spread out, it is difficult, I think, to do it on a percentage basis. You do not know when a big earthquake or a major catastrophe or another Iniki will come along.

General Richardson had probably 30, 40 percent or more of the Hawaii National Guard on duty for Iniki.

Senator INOUE. General D'Araujo, I note in your testimony that the Army achieved a unified position on the level of Guard troops

to be maintained in fiscal year 1994. How did you reach that point? How did you accomplish this?

General D'ARAUJO. Mr. Chairman, I will, first of all, tell you it was not an easy process, but there was a great deal of give and take. I think the current Army leadership was very intent on reaching an agreement and establishing a position that would properly foster the National Guard not only for its Federal mission, but in recognition of its State responsibilities.

As a consequence, after a lot of deliberation and discussion on both sides, under the direction of the Vice Chief of the Army, General Reimer at the time and now currently perpetuated by the current Vice Chief, there was a series of meetings with the Army Reserve leadership to address these very difficult issues, and that was the most burning one. Over a period of months, those numbers were arrived at as reasonable and required.

Senator INOUE. Thank you.

General Killey, have you been equally successful?

General KILLEY. Mr. Chairman, as you know, our force structure numbers over this past year have, in fact, increased. Next year we do take a slight decrease in our end strength as a result of mission changes within the Air National Guard as we shift some of our missions, our units from fighters into the mobility-type mission areas such as airlift and tankers, which change our manning document requirements. But overall, we have been very successful meeting the manning requirements that we need to accomplish our mission.

#### BOTTOM-UP REVIEW

Senator INOUE. General Conaway, new words have been added to our military vocabulary. Now we have bottom-up review. What role are you and your component commanders playing in this review? Are you called upon to make an input?

General CONAWAY. Yes; we are. And I have been meeting with some of the Office of the Secretary of Defense personnel on the needs of the National Guard and articulating to them how the Guard fits into the Federal pie and the State pie and the community part of this, and our needs. And they have heard us out. The Army National Guard is working that within the Army, as is General Killey with the Air Force, and they can comment on that.

One of the big dilemmas that we are in as a National Guard of the various States and militia, and the National Guard of the United States as a Federal Reserve, is that the population of the United States is not cooperating with us and the Governors as we are trying to build down the National Guard.

The population was 200 million in 1970. It is 252 million today, growing to 272 million by the turn of the century. We today are just about at the lowest per capita Guardsman to the population of the United States that we have been, as we are spread around in 3,200 communities covering practically every county and almost every major district in the United States.

So I think as we try to articulate that and tie it to the Federal force, backing up the Army and backing up the Air Force with a Federal mission is the first priority, the spinoff being we can then

supply the forces that the Governors need as the tip of the internal spear.

And we know we will never have enough to totally do the mission, as the Active forces will never have enough to totally do the external mission. So, you know, we back them up externally as they are first in, last out, and the Active forces back us up internally as we are first in, last out here.

John Laughlin has articulated very much the Guard and Reserve position as an advocate, but also as a fair and honest broker on where we fit into the budgetary and force structure part of the pie. And I commend him for his interest and support in making sure that this is a fair assessment.

General D'ARAUJO. Mr. Chairman, my staff is interacting with their counterparts in the Department of Army staff in every functional area relative to the bottom-up review process. Many of the juries are still out, if you will, in terms of conclusions and final decisions. So, I have not been personally, other than monitoring what has been going on, but I will tell you the staff has been very active in all functional areas relating to that subject.

General KILLEY. Mr. Chairman, I would echo what Jack said. My staff is involved in providing the information and the data required to make some of those decisions. The key point that I would mention as we go through that bottom-up review and look at placing more reliance on our Reserve component, is the accessibility of our units and our people to do the things, not only such as Desert Shield and Desert Storm, but day in and day out, like the chart that General Conaway showed you.

Everywhere the Air Force is involved around the world today in real world missions, the Air National Guard is involved to one extent or another. So, as we place more reliance, accessibility is key. Are they going to be available to do the mission?

And I would tell you that we are barely scratching the surface in the Air Guard on how to really use our people in doing real world missions. Not just training to our wartime mission, but doing real world missions.

Mr. LAUGHLIN. Mr. Chairman, if I might add from the OSD perspective, the atmosphere is now much more welcoming toward input from the Guard and Reserve as far as force structure, policy, and infrastructure considerations than it was in the past. I certainly welcome that.

Senator INOUE. Mr. Laughlin, should we anticipate any major change or significant change as a result of this bottom-up review in the mix of Active and Reserve?

Mr. LAUGHLIN. Well, I hate to say it is too early to tell, but it is too early to tell. I have been delighted to see that meetings on force structure have been held in our Office attended by people throughout the Department. Our inputs on the various Reserve components have been welcomed. At this point in time we are not far enough along that I could promise you anything of great significance that is happening. I think there will be some.

Senator INOUE. Nothing surprising?

Mr. LAUGHLIN. I would not want to promise anything surprising. I think there will be some good improvements.

Senator INOUE. Thank you.



Senator Stevens.

#### GUARD PRESENCE IN EUROPE

Senator STEVENS. Well, following up right there, the threat in Europe has practically evaporated. We have yet some commitments to NATO going back to the days of Senator Stennis. This committee has recommended a higher Guard presence in Europe to meet our commitments there and in order to free up and make more mobile our overall force structure.

And in the bottom-up review, has the Guard been arguing for a greater presence in Europe and demonstrating how we can, particularly with air units, provide the kind of a commitment without having permanent personnel assigned over there?

General CONAWAY. That is a good point, Senator Stevens, and I know that this committee has been on the leading edge of that. That has been discussed and articulated, as General Killey said, volunteerism, availability, accessibility of the Guard and Reserve without a callup.

We are educating the new leadership in the Pentagon on how we can be used and what ways we can be used. And we have discussed the AVRAF, the aviation repair facility that we ran for several years in Brussels and the HEMCO, the heavy equipment maintenance company, the Guard and Reserve still have at Kaiserlautern.

We have airlift rotations over there and we are also doing a rotation now to assist the military in Southwest Asia. General Killey has some C-130's on rotation and some F-4G Wild Weasels that are on rotation now.

So, we are looking to do more of this at the Army's request, to assist them, but this is all being fit into the equation as how we can assist and help them.

Senator STEVENS. Well, I still think in peacetime it would enhance enlistments in the Guard and Reserve if the personnel of the Guard and Reserve knew they would have periodic assignments throughout the world available to them, even on a basis of selection, some ability to make a choice. But it does seem to me that the plans I have seen preceding this bottom-up review leave a large part of our force structure in Europe maintaining a commitment to meet a threat that has evaporated.

I hope that we are adjusting that force and that you are going to participate in it. I think we can keep our commitments without having a permanent force structure over there. That has been, as I said, the position of this committee for a long time.

At this time, Mr. Chairman, Senator Cochran asked that he be able to submit questions, before I forget about it.

Senator INOUE. Certainly.

General CONAWAY. I appreciate your comments and understand what you are saying, and we are articulating that to the best of our ability.

#### REGIONAL PACTS

Senator STEVENS. And let me go to you, General Conaway. We have seen now in this country a series of disasters that, although

they were not regional, required regional forces in order to meet them. The hurricanes in Florida, the terrible storms in Hawaii. We, in the past, have had our earthquakes. God forbid we will not have another one of those for a while.

I have been thinking about the problem of a State involved in a disaster being able to meet natural disaster contingencies all alone and I have been discussing the concept of trying to have some regional pact available whereby Governors could automatically dispatch their National Guard to assist in other States in the same region, and might even train for disasters together without the necessity of a national office action, really enabling the Guard to have a regional mission of cooperation.

It would take legislation, as I understand it, to do that. Under existing law, I do not think that the Governors can respond automatically outside of their State to requests. At least, that is our understanding.

Now, if we devise legislation to allow regional pacts between the Guards so that they can respond immediately to requests from a Governor of a State within the same region, would you support that kind of legislation?

General CONAWAY. I think it has some merit. It is an interesting innovation you bring up. I have gotten to know Mr. James Witt, the new Director of FEMA, very well. He came from Arkansas, and he had established a small regional pact in Arkansas along the Madrid Fault earthquake line with the neighboring States. They were lacking the right legislation, but they had kind of a cooperative agreement.

What Mr. Witt and I would like to do, with the support of the right agencies, and we may need legislation, is we are planning regional meetings by FEMA regions to include the States, the Governors, and the adjutants general in those States to have preliminary meetings, probably in June or July, to determine how we could establish these interstate compacts, and maybe do it by regions as you say. Maybe we would do it by FEMA regions as they are set up, to where the States can assist each other.

Now, where it would probably take legislation is that a State legislature and a Governor may not be as interested in paying for his people, you know, to go from Illinois over to Missouri. The Governor of Illinois may not want to pay for his guardsmen to go over to Missouri. But with a contingency fund, maybe title 32 which would be State status for us, certain federally funded units could go over there and assist them.

A good example is Hurricane Iniki. When we had the advanced warning on Iniki, we worked with the State of California. The Governor and the adjutant general dispatched four C-130's immediately out to Hawaii, and ended up with six out there. Some communications personnel and some other equipment from the California National Guard was out there, and as soon as the storm left, they were working and flew hundreds and hundreds of sorties, and were there longer than they anticipated because of the damage to Kauai.

That was not even an interstate compact, that was just done. North Carolina assisted in Florida by hauling some equipment in.

Senator STEVENS. You do that, but the Governors do not do that. The Governors do not trigger that. The Governor cannot send his forces out of State in response to another Governor without your approval, right?

General CONAWAY. That is right. We had triggered that from the National Guard Bureau to assist General Richardson and Governor Wahahe when we were talking with them as the storm was approaching, not knowing whether it was going to hit Oahu or Kauai. We were in touch with them and got the C-130's ready and alerted—General Killey was involved in that, as we turned it over to him and he got the C-130's all ready to go.

And they were in the air as the storm was passing over Kauai and landed right behind it. But that is what we probably can do.

We can initiate a lot from the National Guard Bureau. The States do need some help and it is a very excellent point, and we are looking at that with FEMA and with the Department of Defense right now because there are ways that we can do this better and we have to, particularly for these serious disasters.

You know, of the 322 callups that we had last year, people only hear about some of them; L.A. riots, Guam, Hawaii, and Florida. They do not hear the other 318.

Senator STEVENS. I would like to see you consider regionalizing the crisis capability of both the Guard and Reserve so that there can be the immediate mobilization on a regional level, with planning in advance to deal with it rather than a reaction to crisis once it comes up.

General CONAWAY. I agree with you.

Senator STEVENS. I have to tell you, my new Hawaiian friend, is it D'Araujo?

General D'ARAUJO. Yes, sir; it is D'Araujo.

Senator STEVENS. That "o" out there really bothered me. Sorry about that.

General D'ARAUJO. Sir, you just have to trust me. [Laughter.]

#### MIX OF ACTIVE AND GUARD

Senator STEVENS. It sounded like a Portuguese-Irishman, I think, but that is all right. I will trust you.

General D'Araujo, I have some problem about the mix of the Active and Guard.

Senator STEVENS. You have indicated you have reached an agreement. Has General Sullivan signed off on that agreement?

General D'ARAUJO. On the force structure and strength numbers? That is correct; yes, sir.

Senator STEVENS. Well, that is the best news I have heard in a long time.

Let me turn to a little provincial matter. Unfortunately, my long time friend, General Carroll, and other key commanders of our Guard were killed in a tragic accident. We do not have a replacement yet for the senior leadership of the Alaska Army National Guard do we? I have not heard of a nomination. Have we got a new commander for the Alaska Army Guard yet?

General D'ARAUJO. Sir, we are working with General Cox on an appointment of his nominee right now. I do not recall his name, but he was a colonel that is already stationed there. General Cox

is working with us on that and we are working with Manpower and Reserve Affairs of the Army to get him appointed.

#### SEARCH AND RESCUE

Senator STEVENS. General Killey, we have an increased activity now in Alaska with regard to the new ACMI, the Yukon ACMI and other activities in Cape Thunder year round out of Eielson, and yet we do not have an air search and rescue squadron at Eielson. I know that you have heard about this and Generals Rutherford and Ralston and Cox have raised with me the question of this need.

Can you tell me, have you discussed it with our commanders, the concept of deploying a detachment of the 210th Air Rescue Squadron to Eielson on a permanent basis?

General KILLEY. Yes, sir; as you know, we have been working that issue probably too long, but we are about to come to closure on that. I have been in discussion with General Rutherford, PACAF, and, of course, General Ralston and General Cox in Alaska.

Our solution that we are all in agreement upon to include PACAF Alaska, the National Guard Bureau, and the air staff is to make that a permanent detachment out of our Kulis unit up at Eielson, and will do that by adjusting the way that unit is structured right now to add the additional manpower required. We are not going to add any additional airplanes.

Right now, there are four primary assigned aircraft with two backup. We will make that five and one, which then gives them more manpower on their manning document to do that. We have run that through the wickets. It is in the process right now, and I would anticipate that we will come to closure on that and it will happen very shortly.

But I do not see any other barriers to overcome on that problem.

Senator STEVENS. I am interested in whether you have the financial resources to do it and whether that would be consistent with our goal of really having total integration with PACAF and with the total Pacific Command having some ability to have a rotation, maybe even from the Hawaii Guard, to handle some of those details some time.

Is this going to be a total integration or are we just going to integrate Alaska forces? We think we are part of the Pacific now. And I would like to know, is this going to be a total PACAF operation or is this going to be an intra-Alaska adjustment?

General KILLEY. Right now the way it is envisioned, if we change that program where we add additional primary aircraft, that adds 6 more officers, about 20 more enlisted personnel to the Alaska Air National Guard, which is sufficient for them to pick up that alert detachment themselves.

So, unless there is a surge capability required as a result of a major exercise, which I do not envision, I think that one detachment would be sufficient. We envision that as an Alaska Air National Guard detachment out of the Kulis unit, it is going to be about a \$1.5 million bill to pay. And we are working that in the programming cycle now.

Senator STEVENS. Well, I think that is very interesting. I saw that we had another nation's units in there this last week, and it

is working out very well. It is an international center now, the Yukon ACMI is, and I do believe it is going to be absolutely necessary that we have the rescue capability in particular, because that is hostile country out there where they are flying. And there are no roads. If we are going to have to recover someone out there, it is going to have to be immediate, and I do not think we have that capability from Anchorage.

General KILLEY. We do not currently, but with that program change we will have. And on the interim basis, we can look at augmentation to support the requirement up there until we get that established. But right now we do not have that interim basis working.

#### AIR GUARD PERSONNEL

Senator STEVENS. I was going to ask you some questions, General Killey, about the number of Air Guard personnel you are going to lose under this request. You take it that this is going to be just a minor adjustment in 1994? I am told you are going to lose over 1,300 full-time civilian personnel.

General KILLEY. Yes, sir; I envision this. It will be an initiative initiated by PACAF, since that is a PACAF-gained unit, and it will come through the process into the air staff. But I do not envision any problems in getting that.

Senator STEVENS. Well, I shifted on you there. I am talking about the overall question of your military personnel under that budget. It is dipping down. Are you satisfied that you can meet your new demands and at the same time lose 1,300 full-time civilian personnel in 1994?

General KILLEY. Yes, sir; no problem. Those reductions are a result of mission changes. They are not cuts in manning levels. We have changed several of our units from fighter attack RECCE—in fact, we are changing nine fighter attack RECCE units over to principally tankers and one airlift unit. And as a result of those mission changes, we have driven changes in manning documents and full-time manning documents as well. They are not a result of cuts in percentages of our people.

Senator STEVENS. Mr. Chairman, I think this is the first time I have heard at these opening hearings that we do not have a battle over Guard and Reserve structure vis-a-vis the Active components. Am I hearing right?

General CONAWAY. Yes, sir; you certainly are for the 1994 budget. We hope it will continue.

Senator STEVENS. Thank you.

Senator INOUYE. That is the Hawaiian touch.

Senator STEVENS. If having one Hawaiian did this in a month, what would happen if we had them all Hawaiians. [Laughter.]

Senator NICKLES. You might want to try.

Senator INOUYE. Senator Bond.

#### FORCE STRUCTURE

Senator BOND. Thank you very much, Mr. Chairman. And I know that you and Senator Stevens, our ranking member, have already spoken not only about the budget, which is encouraging to

us, but about the agreement that has been reached over the *modus vivendi* between the Guard/Reserve, and the Active units.

But I would like to ask General D'Araujo a question. We are certainly not going to miss the annual battle over what the end strength should be, but one issue that I am interested in is force structure. We have heard a lot of agreements on end strength and seen it mentioned in the budget submission, but I am not sure what the agreement is on force structure. Can you enlighten me on that? Are there any agreements on the force structure level?

General D'ARAUJO. Senator, at present we are retaining the structure that we began the fiscal year with in terms of the number of divisions and brigades, other than the one we are consolidating in the Northeast, three divisions to one. That was ongoing since 1991.

But, frankly, until we get the decisions on the bottom-up review, the structure for the outyears is still pending the decisions that come from that. I will tell you that for 1994, we retained the major force structure pieces that we went into this fiscal year with in pretty good standing.

Senator BOND. General Conaway.

General CONAWAY. I might add too, Senator Bond, that what General D'Araujo says is correct. The force structure figure for 1994 is 420,000, fiscal year 1994, which goes along with the 410,000 funded end strength that is before you as part of our Army Guard budget. And as General D'Araujo said, we are in the bottom-up review. Now, part of the agreement with Army was to stay at that 420,000 force structure on into the outyears. That, obviously, is being looked at right now for 1995 and beyond, and we will have to wait and see if that stays.

Senator BOND. General Conaway, while we are on the subject, we are very pleased with a 420,000, 410,000 number, but when the numbers were restored, was funding fully restored as well, like operations and maintenance?

General CONAWAY. No; funding was restored for the National Guard, Army National Guard "Pay and allowance" account. It was not restored, as the end strength was, for the "Operation and maintenance" account, and we have \$188 million shortfall in O&M for the Army National Guard for 1994 with this new 410,000 end strength and 420,000 force structure.

#### ARMY NATIONAL GUARD FORCE STRUCTURE

Senator BOND. How serious a problem is that going to be? How are you going to live with it?

General CONAWAY. It is going to be serious. It will affect some of the operations tempo. I will let General D'Araujo address that in a minute, because it is one that he is having to look at right now to manage.

General D'ARAUJO. Yes, sir; our personnel accounts have been plussed up to accommodate the new end strength figures. However, as General Conaway pointed out, our air and surface op tempo will have to be curtailed if we do not get some relief on the O&M funds that go with that 410,000 end strength. Organizational clothing, equipment, fuel, and repair parts, these are the kinds of things where we have a shortfall.

In addition, while we retain our structure we continue the modernization process, as you know, Senator. A lot of the equipment such as Apaches, Black Hawks, M-1 tanks, Bradley fighting vehicles; the operating costs for those have increased. And as these types of equipment continue to be filled at higher levels, the tempo requirements have also increased at the same time. So it is kind of a double impact, if you will, based on equipment density and modernization, and the fact that the O&M funds have not been sustained at the same rate as the personnel accounts.

Senator BOND. Would it then be fair to say that you may face an appreciable shortfall in your readiness and training? Is this going to affect that?

General D'ARAUJO. Sir, I have some serious concerns about that, if the levels are funded at the minimal levels they are now; yes, sir.

#### MOBILITY

Senator BOND. General Killey, in the past few years if experience has shown us anything, it is that we are going to be seeing more and more use of our airlift force as we move into the post-cold war era. We have deployed our transports to the former Yugoslavia, Somalia, the former Soviet Union, Kenya, and I am sure there are a lot of other places I cannot even think of now. And we expect that we may continue to see that.

A large part of our airlift capability we know is in the Guard and Reserve, and one complaint I have heard from Active forces is that we cannot put additional capability into the Reserves because deployments will become increasingly heavy, employers will not support or may not support continued deployments by employees who are Guard members, and the result will be that a greater burden will fall on an increasingly smaller Active force.

I would be interested in your views on and response to this argument.

General KILLEY. Yes, sir; as you said, we are placing more reliance on the Reserve component, particularly in our mobility forces. Two-thirds of our C-130 force structure is in the Air National Guard and Air Force Reserve. As we get through 1994, 52 percent of our air refueling capability will be in the Reserve component.

And when you consider the associate program that the Air Force Reserve has when you look at the strategic airlift program, the C-141 and the C-5—and that the associate program, considering those aircrews, about 60 percent of the strategic airlift aircrews—not aircraft, but aircrews are in the Reserve component. So it is important that we are accessible and can pick up our fair share load as they place more reliance on us.

And I will tell you that we cannot ask our people to do more. Our aircrews right now are performing 110 to 120 days a year. Our senior NCO's are performing 60, 70, 80 days per year. So you are not going to be able to ask them to do more; it is how we use those days that we have got them available.

And we can do more real world missions. We are learning right now, working together with AMC, working very closely together, how we can better access those people and use those limited re-

sources. And if we are allowed to rotate our people properly, we can be used more and more effectively.

So, again, I do not think we can shift more of that force structure into the mobility side of the house. We are about as far as we can go as we continue to downsize. But I think we can better use our Reserve component people in units as we work through this process.

Senator BOND. Yes, General.

General CONAWAY. If I could add something to that. You hit on a very good point, and I think total force operates very well in the United States and you all have had a lot to do with that, and other countries watch that. But we need to keep the Guard and Reserve as combat ready as they are and continue to use them like we use them, that is what is important.

I think bells and whistles will start going off if the U.S. Army, for example, in my opinion, gets below the 450,000 to 500,000 range in personnel. By the same token, I think bells and whistles will go off if the Active Air Force starts breaking through 400,000 in the wrong direction.

So it is not only them organized to do missions—the Army and the Air Force in our case—but it is also their ability to train and prepare our service people to come to us so that we keep operating at the skill level we are. We all suffer if the Active Army and Active Air Force, in our case, go below a certain floor.

And it is always hard to determine where that floor is, but in my judgment in all the years I have been around here, it is somewhere in that neighborhood of, you know, 400,000, 425,000 for the Air Force, and 450,000 to 500,000. And I am talking bare minimum, you know, for the Army to also do these other things and for us to assist.

#### STATE ROLE OF THE GUARD

Senator BOND. General Conaway, as a former Governor I was very interested in your discussion with Senator Stevens about the State role of the Guard, and particularly your interest in New Madrid, MO.

General CONAWAY. That is right.

Senator BOND. That is a Missouri problem, as the people in New Madrid said when I was down there for the celebrated earthquake that did not happen, it is our fault. [Laughter.]

And we are going to have some real challenges when that breaks loose and it will sometime probably before the year 2010.

I would like to move up past Senator Stevens' question into a question about regional cooperation. Do you see, perhaps, a need to change the law to allow the Guard to spend Federal funds for preparation for domestic emergency? Everybody, for example, in Florida knew that a hurricane would strike, yet the Guard could not spend money to deploy in advance. We have got situations like this where we know there is going to be an earthquake disaster. We know that hurricane disasters are going to hit. Do you see a need for making some contingency plans?

General CONAWAY. I think some contingency funds, Senator Bond, that are available for us in the Guard Bureau to make available to the States. In the Florida situation, Governor Chiles did



have 300,000 members of the Florida Guard out on Sunday down in the Miami area before the storm hit. He put them on duty not knowing it was going to be that devastating, but had them down there.

We had sent teams down ourselves to the State headquarters at St. Augustine. We had sent some command and control teams, some public affairs teams down to assist them, and some limited equipment from the Guard Bureau from other States that we had done.

But if there was a fund, some of that money could be used to help more in training in title 32 status or in State status, and could help in the first few days before a Federal disaster is declared. It could be very helpful.

What we could use it for with regional pacts is to bring in personnel from other States, if the Governors cooperate. For example, the State of Georgia may not want to pay to send Guardsmen down to assist in Florida, but would gladly let Guardsmen and units go to Florida if we were paying for it out of a title 32 fund. And I think this could help early on and would be helpful.

Senator BOND. Thank you very much, General.

Mr. Chairman, there are other members waiting to ask questions. I have got to go back to another hearing. I am going to leave for the record a question for General Conaway on the RAND Corp.'s study and for General D'Araujo on the preparedness of the Army Guard as providing front-line combat units.

These are very important questions to me and I hope that we have some very eloquently written responses. I appreciated your oral responses. And, Mr. Chairman, if I may leave these with you.

And thank you for your testimony.

General CONAWAY. Senator Bond, thank you. And I enjoyed being with you in March in Missouri for the retirement of the great legendary Maj. Gen. Charles Kieffner, who was the longest standing adjutant general in the United States at the time, and did a superb job. You appointed him as adjutant general. And if all your appointments are like Charlie Kieffner's, you are in good stead.

Senator BOND. I thank you, General, and I know that that will be—that not only will Charlie Kieffner appreciate that, but the men and women of the Missouri National Guard who worked—they worked hard to make him look good, and they will appreciate the kind words as well.

General CONAWAY. Thank you.

Senator BOND. Thank you, Mr. Chairman.

Senator INOUYE. Senator Nickles.

#### BUDGET LEVELS

Senator NICKLES. Mr. Chairman, thank you very much.

General Conaway, I am looking at these figures, and I see the total numbers of Guard and Reserve in 1994 at 1,200,000. Is that correct?

General CONAWAY. I think that is correct.

Senator NICKLES. Which is a reduction of 60,000 from the year before and a reduction of about 35,000 from 1992. So I see a 35,000 reduction between 1992 and this year, 1993, and a 60,000 reduc-

tion planned for 1994, if you added all the Guard and Reserves together. Is that correct?

General CONAWAY. Right.

Senator NICKLES. I want to make sure I am understanding the figures. But looking at the money, the total amount of budget, basically 1992 and 1993 is the same, it is \$21 billion. But in 1994, it is \$19.3 billion, but personnel is not having a reduction of that size or magnitude. What I see is reduced procurement and it is cut in half from \$3.1 to \$1.5 billion.

What are we eliminating? Are we making a mistake? And I know Senator Bond asked you somewhat of the same kind of question. He mentioned operation and maintenance, and operation and maintenance, I see, has a slight increase from 1993 to 1994, but I see a big reduction in procurement?

General CONAWAY. Operations and maintenance, the Air National Guard is minimally funded adequately for that. The Army National Guard is underfunded. Their military personnel increased, their operations and maintenance did not, with the revised force structure. So they have a \$188 million shortfall there.

But in procurement, what has happened in procurement is the funding is going down for two reasons. No. 1, as the Active forces are being downsized considerably, divisions eliminated, wings eliminated, there is more of that equipment available to come to us in the Army and Air National Guard. So that will help us there. We are getting European retrograde. Equipment is coming back from Europe. We are over there right now inspecting it and helping to repair equipment for the Army National Guard.

And then the second reason, I think, for the procurement countdown is that, generally speaking, over one-half of the procurement coming to the Guard and Reserve is procurement that the congressional committees have put in, that is not in the budget, that helps modernize us. Like multiple-launch rocket systems, C-130's, some of that we get in the budget, some of that we get additional help to speed up our modernization from you all, and that is not in the budget at this time either.

#### CONVERSION IN AIR RESERVES

Senator NICKLES. I appreciate your response. Right now we have an active conversion in Air Reserves, and I am guessing the Air Guard as well, of upgrading some A-7's to F-16's. I know they are doing that in Tulsa.

General CONAWAY. At Tulsa; right.

Senator NICKLES. Is that continuing or is that being postponed?

General CONAWAY. Go ahead.

General KILLEY. That conversion is on track and funding is adequate for that conversion so far.

Senator NICKLES. Was that part of the announcement that was made, or does it have anything to do with the announcement that was made as far as the additional procurement of F-16's?

General KILLEY. That unit's announcement has been made from its conversion from A-7's to F-16 block 42 aircraft, and is on track.

## I-245TH GUARD

Senator NICKLES. OK. Let me ask you a question, General D'Araujo. Has the 245th Guard been an effective special operations resource for both the Guard and active components?

General D'ARAUJO. Yes, sir; in my opinion it has. It is a good flying unit with a lot of intense specialized training because of their specialized mission. Yes, sir.

Senator NICKLES. Have they been used recently? How many missions have they been engaged in?

General D'ARAUJO. Senator, I cannot answer that. I do not recall specifically the missions that they have been tasked to perform. But they have an intense training mission all the time.

Senator NICKLES. What are the plans for the 245th in the future years?

General D'ARAUJO. Sir, I have just been directed very recently to program that unit for inactivation. You are talking about the I-245th's Special Operations Aviation Unit?

Senator NICKLES. Yes.

General D'ARAUJO. Yes, sir; we have been directed to program that unit for inactivation, I believe it is in end of 1994. And the reason for that was the SOCOM, Special Operations Command indication that they were not required to support the SOCOM mission and for op tempo considerations.

Senator NICKLES. Now, I did not quite understand your last paragraph.

General D'ARAUJO. Excuse me. Special Operations Command determination that the unit was no longer required for mission requirements and that their operating tempo support from a budget standpoint would not be sustained beyond that period.

Senator NICKLES. Could you give me some information on the cost and also on the unit's missions? What I am seeking to find out is, has it been cost effective? Has it been a valuable asset? I would like your opinion on that, but I would also like some numbers.

General D'ARAUJO. Sir, it is my opinion that the unit clearly has value because of its specialized and intense training.

Senator NICKLES. Because they are able to fly at night and solve some problems.

General D'ARAUJO. Yes, sir; a lot of night operations, that sort of thing. And that has been sustained over a period of years, so there is some institutional capacity there.

Regarding the numbers, Senator, I would like to answer that for the record, if I might.

Senator NICKLES. OK. I would appreciate that.

[The information follows:]

## I-245TH SPECIAL OPERATIONS AVIATION BATTALION

Unit mission: The Wartime Mission of the I-245th Aviation (AVN) Battalion (OKARNG) is to provide aviation support for special Operations Forces (SOF) in a multi-theater environment. The peacetime Mission of the I-245TH AVN is to provide aviation assets to support the Oklahoma State Area Command (OKSTARC) Military Assistance to Civil Authorities Plan.

Recent missions: During the period of fiscal years 1991-93 the I-245th supported both Active Component and Reserve Component SOF elements in 48 different missions using a total of 109 aircraft sorties and totaling 2,604 flight hours (586 hours for Reserve, 2,018 hours for Active missions). Examples of these missions include:

- DEC 92, 20th Special Forces Group (Guard), 4 UH-1 aircraft flew a total of 45 hours at Camp Gruber, CO.
- JAN 93, A Classified Support mission (Active), 2 UH-60 aircraft flew a total of 105 hours at Mercury, NV.
- FEB 93, 12th Special Forces Group (Reserve), 3 UH-60 aircraft flew a total of 70 hours at, FT Polk, LA.
- MAR 93, A Unit Displacement mission (Active), 2 UH-60 flew several hours at FT Lewis, WA.

Unit cost: Total annual cost (fiscal year 1992) of the unit is \$6.1 million of which \$3.4 million is for Pay and Allowances, \$1.5 million is for Flying and Maintenance and \$1.2 million is for Miscellaneous costs.

Significant skills and special equipment:

- Average Aviator flight experience: 2,700 hours per aviator.
- Night Vision Goggle experience: 400 hours per aviator.
- Total Battalion Flight Experience: 219,000 flight hours.
- The unit currently has 22 qualified CH-47D Chinook Helicopter aviators.
- The unit currently has 23 qualified CH-47D crewchiefs.
- Special Equipment includes SOF modified aircraft and air-droppable Forward Area Arming and Refueling Points.

#### 45TH INFANTRY

Senator NICKLES. And could you bring me up to date, General D'Araujo, on what the plans are on the 45th Infantry Brigade.

General D'ARAUJO. Yes, sir; we are looking at—again, pending the outcome of the bottom-up review, it would appear the 45th Brigade would be reorganized and converted from a separate infantry brigade to a heavier mechanized or armored configuration. And there are a number of—a couple of options that are being considered for how that unit will be aligned in terms of a higher headquarters. But, essentially, that is what is programmed for the 45th at this particular time.

Senator NICKLES. Would that be out of Fort Riley, KS?

Is that one mechanized?

General D'ARAUJO. No, sir; it would be possibly with the division, the Guard division in Kansas, but not at Fort Riley; no, sir.

#### GUARD END STRENGTHS

Senator NICKLES. Let me ask you, General Conaway, one final question. You mentioned the numbers, and I have mentioned to General Sullivan and General McPeak and others and asked them what they thought their ending strength would be in 1998 and 1997. And they did not have the numbers. Did I hear earlier that you all felt confident you had a 4- or 5-year commitment to maintain the numbers that we are talking about now?

General CONAWAY. We have agreement in the Army for the next 2 or 3 years. However, we basically all know that the 1994 numbers that you have over here are in concrete pending your review of those. But for 1995 and beyond, the new administration and Secretary Aspin are doing this bottom-up review and they will be looking at the agreement that we have on force structure and end strength to see how that fits into their total defense review.

Senator NICKLES. So a final decision really, as far as the end strength for the out years, are still left up in the air?

General CONAWAY. That is right; they are up to the new administration, that is correct.

Senator NICKLES. Well, I was wondering, because both General McPeak and General Sullivan were not able to tell me what they

thought the end strength would be or the personnel strength would be in the outyears. My concern is that the budget framework that has already been agreed upon cuts too much and too fast, and you are going to be looking at big cuts. I do not know that the Guard and Reserves are going to be exempt from those cuts.

General CONAWAY. No; that is a concern to all. You are right.

Senator NICKLES. I appreciate that.

I thank the Chairman.

I thank you.

Senator INOUYE. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

General Conaway, everybody is saying all of the great things about you. I hope you do not feel that we are giving you an early funeral out here.

But I have certainly enjoyed all of the times, not only the times you have testified here but the meetings you and I have had both here and in Vermont and elsewhere. I am extremely pleased with what you have done and I appreciate the amount of concern and the amount of personal dedication you have given to your job.

General CONAWAY. Thank you, Sir.

#### ROLES AND MISSIONS

Senator LEAHY. General D'Araujo, we are glad to have you here, sir. And Mr. Loughlin and General Killey. Before I ask a question of General D'Araujo, I would like to ask you a question. In General Powell's roles and missions study, he called for the elimination of the air defense mission that is handled primarily by National Guard units. And I believe Secretary Aspin issued a memorandum, if I am correct, in mid-April saying the air defense mission should not be eliminated but it should be reduced.

Now, as I read the memo, it does not give any guidance as to the size of the smaller air defense force. Have you determined how and where you are going to reduce this air defense force?

General KILLEY. Senator, we are arguing that process right now. As you are very much aware since you have an air defense unit at Burlington, that force has been reduced significantly through the years. There was a time in the early fifties we had more than 2,600 aircraft between the Active and the Air National Guard that were doing that mission. As we come down, we are reducing from 12 units down to 10. We will have only 180 aircraft left doing dedicated air defense between our F-15's and our F-16's.

We most recently are reducing from 19 alert locations around the continental United States, down to 14. We are reviewing that right now on what we consider the minimum essential force required, not only numbers of units and aircraft, but number of alert locations to answer that roles and missions study and to answer Secretary Aspin's memorandum that he sent to the service secretaries.

I cannot tell you what that bottom line number is going to be, whether we keep the dedicated force structure that we have now or whether a general purpose force structure will pick up that mission in addition, is yet to be determined.

But I personally think that it would be very difficult to reduce much below what we have now, at a bare minimum six or seven units doing that dedicated air defense mission. It is not only air de-

fense, it is air sovereignty and we are involved in the counterdrug mission integrally with our air defense units picking up the mission down at Howard Air Force Base, our Coronet Nighthawk mission, that your unit out of Burlington has done so well.

So it is yet to be determined what that bottom line answer is going to be.

Senator LEAHY. Well, I do not want to sound in any way parochial. Nobody on this committee would ever ask a parochial question, even though it may sound that way. But you did mention Burlington.

And in seriousness, though, whether it involves Burlington or anywhere else, you have said in your testimony something to the effect that when we cut you will seek alternate missions, and only as a last resort do you intend to close units, I take that, along with the fact that as we train these pilots, it is extremely expensive to train them.

You know, there are millions and millions of dollars that have been invested in the training of pilots, whether it is in Vermont or Florida or anywhere else. And I am trying to think of the way you cut the balance between the cost of training and the necessity to keep a certain base strength below which, because the costs are prohibitive—and you understand this better than I—but there is a certain baseline cost whether you have one unit or dozens, and a certain amount you are going to have to have invested if you are going to train one pilot or you are going to train 100 pilots, and the cost becomes prohibitive if you get extraordinarily small.

So what happens now? Do we just start eliminating units wholesale or do we start redesigning them, do we start giving them other responsibilities?

General KILLEY. As we look at a smaller force structure, our priorities in the Air National Guard are first of all, we want to maintain our units out there, our flags out there. And as we reduce force structure and it does impact the Air National Guard—as Mr. Nickles said, any further reductions are going to impact the Reserve components—we are looking for new mission areas.

For instance, if Burlington—if it is determined that we can no longer afford dedicated air defense but that mission ends up being picked up by general purpose force structure, we would look at converting Burlington from F-16 air defense probably over to F-16 multirole or general purpose. But that has to balance with that general purpose fighter wing equivalent force structure that is continuing to reduce.

#### NEW MISSIONS

So we look at new missions that we can shift into. If we do not find new missions, then we look at de-busting our units down further but still maintaining that flag. For instance, most of our air defense units are 18 primary assigned aircraft. Does it make sense to reduce them down to, say, 15 primary assigned aircraft? I would rather reduce down to 15 than eliminate a unit. But there is an open the door cost that you do not want to reduce down below. It then becomes more cost effective to eliminate units.

But we are going to look for new missions, we will de-bust, we will consolidate where it makes sense, and if it does come that we

end up having to eliminate units in the Air National Guard, we certainly do not want to eliminate units from States that only have one flying unit. So then we would look at how we would do that, what makes the most sense and still meet the requirements of the Air Force.

Senator LEAHY. Thank you, General. I wish as you go along on this, along with the hundreds of other things that you have to do, would you please keep me posted and keep in touch with me as it involved Vermont.

General KILLEY. [Nods affirmatively.]

Senator LEAHY. General D'Araujo—am I pronouncing your name correctly, sir?

General D'ARAUJO. Yes, you are, Senator. Thank you.

#### VERMONT GUARD

Senator LEAHY. General, I met with your predecessor, General Rees last year. We were talking about the Army National Guard in Vermont. I would like at some point to sit down and discuss that with you, too, that particular unit.

The Vermont Guard had the highest readiness ratings of the Northeast, a matter of some pride to me as the senior Senator from that State. I know that there has been some criticism of readiness retention problems in New England. Vermont has been a notable exception in that. So I do not have any particular questions here today, sir. But I would like very much to discuss that with you. And one of the reasons why, here, is the unit which has consistently gotten exemplary ratings on all maneuvers, training missions, evaluations, and everything else.

They obviously are concerned about what their future is. I have encouraged them to maintain the high levels of proficiency, readiness, and training that they have because while virtue is not necessarily always its own reward, it makes arguments for retention I think a little bit better.

General D'ARAUJO. Senator, I would say I look forward to discussing that with you at your convenience. I will tell you that we do not have bad units in the Army National Guard. That is not any false braggadocio, to say we do not have bad units. We have some units that are better than others. And I agree with you, the Vermont Army National Guard certainly enjoys a good reputation among our better units.

I do look forward to sitting and chatting with you later.

Senator LEAHY. They are a pretty impressive group of men and women. I have gone with them a number of times.

Mr. Chairman, I spent a night out in the field with them, and I finally had my first MRE out there. They handed me that packet—this was several years ago—I thought it was one of these rubber raincoats. They come in a little plastic package.

Senator INOUE. Does it taste like that?

Senator LEAHY. Oh, the rubber raincoats taste a lot better. [Laughter.]

But I have done that. I have gone shooting with them and everything else, and I am impressed.

General Conaway?

General CONAWAY. I might add, the mountain school that you all have in Vermont for the Army is unique and superb. You have seen that.

Senator LEAHY. I have, indeed.

General CONAWAY. Of course, the biathlon they just recently hosted is tremendous, and my hat is off to all of you in Vermont, all of the Green Mountain boys and girls for the great job they do.

This agreement that we have been talking about today on force structure and end strength by the Active Army and the National Guard and Reserve, General Reimer chaired that on behalf of General Sullivan assisting me and General Rees and General D'Araujo. But also assisting in this was General Don Edwards, your adjutant general of Vermont, who is the president of the Adjutant General's Association of the United States, and General Enslin of the National Guard Association and General Weber, formerly of the Guard Association.

But I wanted you to know General Edwards played a big role in assisting us in some of these offsite meetings with the Army.

Senator LEAHY. Well, we spent a lot of time with Don Edwards and others last year when I was fighting to save the force structure last year. We had an awful lot of meetings that went to very, very late in the night. I remember being on the phone back and forth with everybody from the Secretary of Defense to the Chairman of the Joint Chiefs to you and others through that.

Incidentally, I am glad you mentioned the Mountain Brigade. I have watched them train. In fact, one time I went, because I was in that area anyway I stopped to see them and they were training with some of the Alpini in Italy. I have a lot of my relatives on my mother's side of the family who have been members of the Alpini in Italy, and some still are. And I was very impressed when I heard the praise being given to the Vermonters who are over there. It is a pretty tough bunch of folks.

I should mention, General, I watched them train. I did not try to take part in that. I know my limitations very, very well.

Thank you very much, Mr. Chairman.

Senator INOUE. Thank you.

Gentlemen, I have a whole basket full of questions that I would like to submit to you, but I have one question that I would like to ask.

For the past several months I have had the opportunity to visit many camps and bases and I think all of us will agree that today we have the finest forces in the history of the United States, not just physically, but in all aspects. We are ready.

#### RECRUITMENT

However, I have seen several signals that concern me. For example, in the recruitment of Army personnel, for the first time in several years we have had to admit category 4's in order to fill the slots. All services have indicated some difficulty in recruiting and retaining. I have noticed in your testimony that there may be some problems also in the Guard, that you are now having to recruit nonprior-service personnel to man slots.



Is this something we should be concerned about, or is it just temporary? Is there something we can do to stop this from becoming a trend?

General D'ARAUJO. Senator, your concerns are shared, I think, by all of us in uniform. Speaking for the Army National Guard, as you know, we are experiencing, or we have during the first part of this year up to now, a significant downturn in retention. We are losing many more people than we would like.

However, I will tell you that our recruiting program is generally on track, and in terms of quality, we set a goal for ourselves at the beginning of this year that we would not want to exceed 2 percent of category 4 accessions. And I am happy to report to you that in spite of the grappling we are doing with strength maintenance, our quality accessions in category 4 are below that 2-percent figure. So for the Army National Guard, we have been doing well in that area.

I will tell you that talking to our adjutants general, our commanders, and as many soldiers that I am able to talk to, the single most significant factor impinging on our retention is the uncertainty and the bad news that has been carried about the force structure, turbulence, and what have you. So I think as those issues are mitigated in terms of force structure becoming more apparently stabilized, that our retention rates will also stabilize.

In fact, as of yesterday we showed a positive trend in terms of our monthly strength figures for the first time this fiscal year. So I feel comfortable that that will have some effect.

Additionally, I will tell you that, as you well know, Senator, there is no one factor that influences retention. It is a combination of factors. I just highlighted for you that what appears to be the most significant. Our incentive programs are very important in that respect. Montgomery GI bill, the retention bonuses, these sort of things all impact on retention.

Let me give you an example that you are very familiar with. As you know, in Hawaii, for example, the State of Hawaii allows tuition-free assistance for members of the National Guard and Reserve, and that has a significant impact. So all of those things, I think, have to be preserved if we are going to meet our quality standards and to keep our numbers where they need to be.

General CONAWAY. I might add that when you are going to get in an organization, if it is an organization that is being downsized at a rapid rate and you do not know where it is going to stop and level off, your tendency as a youngster is until all of these variables settle down before joining. They may think they will get in just in time to get kicked out.

And this hype that goes along amongst the youngsters gets magnified beyond what you and I know is really taking place, although that is bad enough.

And so when the force finally stabilizes out, which I hope it does in the near future at whatever level, you and the administration and the American people decide on that, we can get on with business. Because we have been riding on such a high as far as the esteem and the pride that we have and where American people hold us, people have wanted to join and be a part of us.

We need for that to continue. And there are always cycles in this country, as you know better than we do, that we cycle through where the military is less popular and more popular. We went through it in the seventies, where it was tough for all of us to make our end strength. You want to avoid that, these cyclical cycles that we have.

I am concerned about another cycle pending around the corner with the great downsizing and changes that we have taking place. Hopefully, it will level off and people can see that we are still going to have a certain sized military with the right benefits, and the American people's concern for us.

Senator INOUE. General Killey, did you want to answer that?

#### AIR GUARD RECRUITMENT AND RETENTION

General KILLEY. Mr. Chairman, I would just say that the recruiting and retention in the Air National Guard continues to be right on the money. We do not have the turbulence on the Air Guard side that exists on the Army National Guard side, as a result of downsizing and restructuring. We do have turbulence, but minimized compared to what is on the Army side. So our people are not experiencing near the turbulence as the Army Guard folks are.

And one other reason, I like to point out, that contributes to our high recruiting and retention is the fact that the Air Force has indeed kept faith with us and made us a part of their first team, and we feel like we are an integral part in every mission area, and are absolutely essential to the success of the U.S. Air Force. The people know that. They feel it. They are involved in everything the Air Force is doing, and they feel great about what they are doing. As a result, our recruiting and retention is very good.

Senator INOUE. Mr. Laughlin, I believe the Army carries on a survey among high school students to determine the potential of joining the military. I was told that in the most recent survey, it dropped suddenly 40 percent. Are you aware of that study?

Mr. LAUGHLIN. No, Senator; I am not aware of it. I am sorry, Senator, I am not aware of that study.

Senator INOUE. Because I was just stunned that it would drop so precipitously. I think it is called the propensity to enlist survey. Can you check that out for me, sir?

Mr. LAUGHLIN. Yes, sir.

[The information follows:]

Table 3  
 Relationship Between Attitudes Towards  
 the Military and Propensity to Enlist

Involves Risk & Danger**	Strongly Agree	Agree Somewhat	Neither Agree nor Disagree	Disagree Somewhat	Strongly Disagree
Definitely Enlist	41.7	30.0	6.9	9.7	11.7
Probably Enlist	36.9	34.4	8.3	13.1	7.4
Probably Won't Enlist	26.5	40.1	14.0	14.7	4.6
Definitely Won't Enlist	31.3	37.2	13.7	13.3	4.6
Involves Boring Jobs**	Strongly Agree	Agree Somewhat	Neither Agree nor Disagree	Disagree Somewhat	Strongly Disagree
Definitely Enlist	2.8	4.9	2.5	11.3	78.5
Probably Enlist	2.9	4.9	5.5	22.2	64.3
Probably Won't Enlist	0.9	5.2	8.2	33.0	52.6
Definitely Won't Enlist	3.2	6.1	10.8	31.3	48.6
People Treated Unfairly**	Strongly Agree	Agree Somewhat	Neither Agree nor Disagree	Disagree Somewhat	Strongly Disagree
Definitely Enlist	6.2	10.4	6.0	17.9	59.4
Probably Enlist	6.6	13.3	11.4	22.1	46.5
Probably Won't Enlist	3.2	10.9	19.0	29.9	36.9
Definitely Won't Enlist	5.7	13.5	22.5	25.0	33.2
Good Job Experience**	Strongly Agree	Agree Somewhat	Neither Agree nor Disagree	Disagree Somewhat	Strongly Disagree
Definitely Enlist	74.8	16.7	2.0	2.4	4.1
Probably Enlist	57.9	28.2	5.7	3.7	4.6
Probably Won't Enlist	36.3	44.7	10.5	4.7	3.8
Definitely Won't Enlist	32.3	39.0	13.0	9.0	6.7

\*\* Significant Difference,  $P < .01$

SOURCE: "INFLUENCES ON THE MILITARY ENLISTMENT DECISION MAKING PROCESS"

Findings from the 1991 Youth Attitude Tracking Study (YATS)  
 Dated May, 1993

Senator INOUE. Gentlemen, I thank you very much. You have been most helpful. As I said, all of the members of the subcommittee have questions they would like to submit to you for your consideration and response.

Thank you very much.

General CONAWAY. Thank you.

## RESERVE FORCES

### STATEMENT OF MAJ. GEN. ROGER W. SANDLER, USA, CHIEF OF ARMY RESERVE

Senator INOUE. Now may I call upon Maj. Gen. Roger W. Sandler, Chief of Army Reserve; Rear Adm. T.F. Hall, Director of Naval Reserve; Maj. Gen. John J. Closner, Chief of Air Force Reserve; and Maj. Gen. Jeffrey W. Oster, Assistant Deputy Chief of Staff, Manpower and Reserve Affairs for Reserve Affairs.

Gentlemen, welcome.

May I call on General Sandler.

General SANDLER. Mr. Chairman and committee members, I want to thank you very much again for having us here to testify before your committee. As Chief of the Army Reserve, I represent over 700,000 members of the Selected Reserve and the Individual Ready Reserve, and also another one-half million members of the Retired Reserve who are living around the world, who are now carrying hip pocket orders, and who could be called to duty in the event of an emergency.

I just would like to, in the interest of time, summarize a few things in some opening remarks, Mr. Chairman. The U.S. Army Reserve, your Federal Reserve, is a successful and essential partner, currently, in the total Army. We have integrated all aspects of the three Army components—the National Guard, Army Reserve, and the Active Army—as never before. I think it is certainly due to the Army leadership we have today that has been the catalyst to make this happen.

### ARMY RESERVE

The members of the Army Reserve are now involved in the institutional training for the entire Army. We are an essential member of the go-to-war team and the Army has acknowledged the importance of the U.S. Army Reserve. And, as was stated by the National Guard, I think it was a very unique and perhaps an historic moment when we were able to reach an agreement on the end state of the U.S. Army Reserve. We got that behind us and got on to the more important things such as roles and missions, equipping and funding of the Army Reserve, and so forth.

The Army Reserve is currently involved right now around the world in a variety of activities. We are involved in retrograding equipment and ammunition out of Europe and sending reservists back over there. We are involved in Latin America in engineer, medical, and counterdrug activities in support of the CINCPAC Southern Command. We provided one unit for Somalia. It was a postal unit, a provisional organization arriving during the early stages of U.S. involvement there, and those people are now coming back because their services are no longer required.

And we are involved in military-to-military contact, supporting both the European Command and the United States Army, Europe, in their dealings with the Eastern European countries.

As the force is reduced in size, we find there are more opportunities for the Army Reserve today than there were in the past. Therefore, we find that there is a significant amount of financial requirements to support those opportunities. I look at these downsizing activities as not just something we ought to hang our heads and wring our hands, but rather a challenging opportunity for the U.S. Army Reserve, and our folks are standing ready, certainly, to support the entire Army.

Our No. 1 priority this year in the Army Reserve, sir, is full-time support. We have been decremented the last 2 years over 1,000 people in the Active Guard/Reserve program and it looks like we're going to be losing almost 1,000 civilians as a result of congressional action to downsize our force. That is significant to us.

We have had, over time, full-time support number of 8 percent for the Army Reserve. That is significantly lower than any of the other Reserve components. For us, this is significant in terms of our ability to maintain the readiness, particularly now as we get into the new era of a contingency force pool of units. We need to make sure that those units are up and ready to go.

Therefore, I would ask your support in helping us get additional full-time support personnel.

Mr. Chairman, I will terminate my remarks in anticipation of questions. Thank you very much for allowing me to make these opening statements.

Senator INOUE. Thank you, General.

[The statement follows:]

#### STATEMENT OF MAJ. GEN. ROGER W. SANDLER

Mr. Chairman and distinguished members of this committee, it is a pleasure to be here today, representing the more than 700 thousand men and women citizen-soldiers of the Army Reserve and the over 500 thousand retirees with hip pocket orders, around the world serving our Nation, to present the fiscal year 1994 Reserve Personnel, Army, and Operation band Maintenance, Army Reserve, appropriations requests.

Today's Army Reserve has proven itself to be a successful and essential partner in the Total Army. In addition to relying heavily on its Reserve Forces to deploy and support our contingency force package, the Army increasingly looks to the Army Reserve's competencies and skills for peacetime training of the Total Army; support of major operational missions, such as returning Active component equipment from Europe; support of overseas-operations, such as Somalia; military-to-military contacts around the world; and in the emerging area of domestic support.

Much of the success that the Army Reserve has enjoyed and continues to enjoy is the result of both the level of maturity, education and training, and experience of its citizen-soldiers, and focussing and capitalizing on a set of unique core competencies. A brief profile of the Army Reserve would show:

- At 39.7 years old for officers and 29.5 years old for enlisted soldier the average Army Reservist is somewhat older than his or her Active component counterpart;
- 90 percent of USAR officers possess at least a bachelor's degree (26 percent possess a master's or higher);
- Fully 90 percent of the USAR enlisted force graduated from high school (8 percent possess a bachelor's or higher); and
- 65 percent of USAR officers and more than 48 percent of USAR enlisted soldiers have at least 2 years' prior active duty service.

Taken together with the fact that many Army Reservists' military specialties are closely related to their civilian occupations, this combination of maturity, education,

and experience provides an extremely high level of professional competence in the Total Army.

The nature of the Army Reserve further complements the individual professional competency of its soldiers by capitalizing on its unique core competencies. The USAR is predominately combat support/combat service support; provides combat support/combat service support command and control at echelons above division and corps; contains mainly rapidly deployable units; is a principal trainer of Army personnel; is a reconstitution base; and provides great flexibility (a federal force composed of both units and individuals, in the Selected and Ready Reserve).

Taken altogether the USAR force is and will continue to be a full partner in supporting the "Army in the Field" in its war fighting, peacekeeping and domestic support operations, and the "Institutional Army" in training, mobilization, reconstitution and other infrastructure functions.

#### FISCAL YEAR 1994 REQUEST

Fiscal year 1994 will be another bridge year as the Army downsizes and restructures. We continue to explore ways to maintain and increase our value to the Total Army, and seek new ways to support the Army, while creating efficiencies and economies.

The fiscal year 1994 Reserve Personnel, Army (RPA), budget request is for \$2.1 billion. This is a decrease of \$56 million from the amount appropriated for fiscal year 1993 and reflects Selected Reserve end strength reductions of 19,615 in fiscal year 1994. The budgeted RPA will provide for the pay for Annual Training (AT) and Inactive Duty for Training (IDT) for the fiscal year 1994 Selected Reserve (SELRES) end strength and for only some of the other vital needs for the base SELRES and other Reserve personnel. Specifically, there is minimal funding in the School, Mobilization and Special Training accounts to pay for the support associated with the entire SELRES, the basic needs of the Individual Ready Reserve and for the recently authorized Reserve component transition benefits.

The fiscal year 1994 Operation and Maintenance, Army Reserve (OMAR), budget request is for \$1.1 billion. This is an increase of \$71 million from the amount appropriated in fiscal year 1993. In addition, the fiscal year 1994 request minimally funds facility maintenance, equipment maintenance, operating tempo (fuel and repair parts), and supply purchases.

The fiscal year 1994 budget request will force us to continue to make very hard choices in training and structuring the Army Reserve as a part of the Total Army. Paramount among all the decisions will be how to maintain readiness. Readiness for the Army Reserve is built on the foundation of full-time support, equipping, and training. Key to maintaining this foundation is sufficient funding to man, equip, and train our citizen-soldiers.

An adequately supported Army Reserve is an asset not only to the Total Army, but to the Nation. We will also be pursuing means to take advantage of these skills and competencies and the USAR's regional orientation for domestic action in support of our local communities.

#### FULL-TIME SUPPORT (FTS)

The fiscal year 1994 budget effects an FTS decrease of 95 Active Guard and Reserve (AGR) and 180 military technicians (MILTECHs). While this is a seemingly small decrement, in conjunction with a modest increase in Department of the Army civilians (DACs) and Active component, it keeps the FTS level for the Army Reserve at 8 percent (the lowest of any Reserve component). FTS is a key factor in USAR unit readiness. Of the four categories of FTS (Active component, AGR, MILTECHs and DACs) AGRs and MILTECHs offer the most flexibility in improving and maintaining unit readiness.

#### EQUIPPING

USAR unit equipment-on-hand (EOH) is currently at 62 percent, again the lowest of all Reserve components. Hand in hand with FTS it is crucial to unit readiness. fiscal year 1994 equipping goals focus on engineer, logistics (water, trucking, etc.) and medical units. Army procurement focuses on filling Force Package 1 and orients on combat arms systems. At present, Army force modernization systems account for only 17 percent of the Army Reserve's total dollar inventory. This will decline to 7-10 percent in fiscal year 1995-2000. Redistribution is ongoing, but only provides the Army Reserve with older equipment. The Dedicated Procurement Program (DPP) has proven to be the most effective way of equipping USAR units. It provides those items that are not in the Army's inventory nor in its force modernization program.

## TRAINING

Manning and equipping units are the first steps in achieving and maintaining unit readiness. Training is the catalyst that produces unit readiness. The goal of the Army Reserve is to have soldiers, leaders, and units trained and ready to perform their assigned missions. The Bold Shift initiative is a major restructuring of training to posture Army Reserve and Guard units for future contingencies. Central to Bold Shift are the collective training conducted by the USAR divisions (exercise) and operational readiness exercises (OREs). The Army Reserve will require the budgeted \$3.3M RPA and \$7.1M OMAR in fiscal year 1994 to support Bold Shift.

Overseas deployment training (ODT) is another major feature of a ready Army Reserve. ODT is evolving to meet the challenges of a changing world. The Army Reserve's goal is to increase ODT participation, worldwide, to about 25,000. The benefit of increased ODT is improved readiness to deploy to any theater, and increased employment to support real-world missions, i.e., nation assistance, European drawdown (RETROEUR) and military-to-military contacts. The USAR will require full funding in RPA and OMAR to support ODT in fiscal year 1994.

Our leaders of tomorrow are today's lieutenants. Sending our lieutenants to their officers basic course (OBC) is critical to both making them trained, deployable assets and to giving them the foundation for their future career as Army officers.

The Individual Ready Reserve (IRR) continues to be as critical a component of the Total Army's readiness today as it was during Desert Shield/Storm. Maintaining a trained tier of IRR, ready to fill Active, Guard, and Reserve units, for contingency operations and mobilization remains a vital mission for the Army Reserve. The budgeted amount of \$20.5 million in RPA will minimally fund priority IRR training in fiscal year 1994.

## ACCESS TO THE USAR

The Army has historically participated in domestic assistance activities (disaster assistance and, support to law enforcement, environmental stewardship, and community assistance). In light of recent events, access to units and individuals of the Army Reserve short of a Presidential Selected Reserve Call-up (PSRC) has become increasingly critical. A prime example of the access dilemma occurred during Hurricane Andrew. The Army could not activate the USAR's 841st Engineer Battalion located in Fort Lauderdale, Florida in response to a request from Governor Childs. In this case, we were forced to rely on "unit volunteers" to fill the critical and time-sensitive needs. Our experience with using "unit volunteers" is mixed at best. Having to rely on the volunteer method to bring Army Reserve assets to bear on a disaster or emergency leaves us with the constant possibility of getting only half a unit or not all the skills needed within a unit for the situation. Also, in the case of Hurricane Andrew, we had Individual Mobilization Augmentees (members of the Selected Reserve) assigned to Federal Emergency Management Agency and trained in just the skills and procedures needed for this emergency, who could not be ordered to active duty short of the PSRC. Full partnership in the Total Army and unrestricted service to the nation requires that the Army Reserve be available, when and where needed, to perform those missions for which it has the "Army's share" of specific capabilities.

## SPECIAL UTILIZATION—DOMESTIC ACTION

One of the unique features of the Army Reserve is that while it is part of the Total Army and the nation's defense force, it is also an integral part of the communities of this country. The Army Reserve is particularly well suited and situated to help address the ever growing demands of our domestic economy. The capabilities inherent in the Army Reserve lend themselves to assisting local communities in a variety of ways. Our force's capabilities can serve the dual purpose of military mission training and local assistance.

We are exploring ways to focus those competencies, in our force, to provide the types of assistance needed in the cities and towns of America and to provide meaningful training to our soldiers. This can be done in a wide variety of areas, including health care provision, infrastructure support, education, youth role modelling, drug demand reduction, and community relations to name but a few.

In summary, while the future presents many new challenges, I am totally confident that the men and women of the Army Reserve, when properly resourced and trained, can and will continue to do the jobs and accomplish the missions assigned to them. In these continuing times of tight budgets, our citizen-soldiers remain the best bargain in DOD.

**STATEMENT OF REAR ADM. T.F. HALL, USN, CHIEF OF NAVAL RESERVE**

Senator INOUE. Admiral Hall.

Admiral HALL. Mr. Chairman, in the interest of time, I have a very short statement. I am pleased to appear before this committee as the new Chief of Naval Reserve.

I have spent the first 8 months in the command of the Naval Reserve traveling throughout our 50 States and visiting with our components. In fact, I have visited with about 125 units and about 14,000 reservists throughout the country. And what I am happy to report to you is that I have found our Naval Reserve people very dedicated, very well trained, their readiness is high, and they are operating first-line equipment.

So I look forward to representing the views of that constituency and my own views in response to any questions you have.

Thank you.

[The statement follows:]

**STATEMENT OF REAR ADM. THOMAS F. HALL**

The Naval Reserve, more than 133,000 strong, continues its integration into a broad spectrum of Navy mission areas. As the Navy re-structures to accommodate the ". . . From the Sea" littoral strategy, so the Naval Reserve is restructuring to enhance the Navy's capabilities as an integral member of the Total Force team.

Its force structure is being shaped to address the changing and dynamic requirements of a decreasing budget and the evolving new world order. This includes increasing responsibility for portions of CONUS-based naval mission areas. In addition, Naval Reserve forces are needed to ensure that we can respond adequately to potential major regional contingencies. They also have expanding peacetime roles, such as response to humanitarian crises and disasters, and counter-narcotics missions.

In both crisis and peacetime operations, Naval Reserve units are responsible for augmenting the entire range of Navy component organizations, from ships to shore staffs. In many cases, Reserve units are assigned the responsibility of providing the step increase in operational efficiency required to attain a-full crisis footing. To properly address these responsibilities, Naval Reservists and Naval Reserve units are working more closely than ever with their gaining commands. For example, Reservists assigned to Commanders' staffs play a vital role in planning and executing exercises and providing surge augmentation during crises.

Recent history has reconfirmed the reliance the nation places on its Reserve forces. During Operations Desert Shield and Desert Storm, more than 21,000 Naval Reservists were called to add their specialized civilian skills and military expertise to those of their active duty counterparts. As they had in Puerto Rico following the devastation of Hurricane Hugo in 1990, last year Naval Reservists responded in Florida to Hurricane Andrew's aftermath, providing emergency assistance to some of those hardest hit, clearing the rubble of that natural disaster and assisting in the rebuilding effort. And, more recently Naval Reservists are assisting in Operation Restore Hope in Somalia, both in-country and at home by supporting active duty units deploying to Somalia and backfilling to accomplish vital work normally assigned to the deployed active duty forces.

**COUNTER-DRUG ACTIVITIES**

The Naval Reserve is heavily involved in the Navy's effort to reduce the nation's drug abuse problem. The Naval Reserve continues to provide fully-integrated operational support to the Navy's counter-narcotics effort. Naval Reserve ships routinely provide approximately ten percent of the total surface effort, with Naval Reserve aviation squadrons providing approximately six percent of the total air effort in these joint task force operations. These Reserve efforts are expected to increase in FY-94.

Campaign Drug Free, a Naval Reserve community service program devised to educate young people about the dangers of drug abuse, is attacking the "demand" side of the drug problem. This program has been designated by the Chief of Naval Operations as one of five of the Navy's community service flagship programs. Work-



ing closely with other military and federal agencies, the Naval Reserve is taking the message to the young people in American schools: "You don't need drugs or alcohol to be happy, accepted or successful." The volunteer citizen-sailors and Marines are encouraging these youth to be "somebody" drug-free.

#### PEACETIME CONTRIBUTORY SUPPORT

A major effort in the Naval Reserve is the role of peacetime contributory support to the fleet, which provides the active Navy with more day-to-day support by Reservists. In addition, it offers a means of using the extraordinary depth of talent and professional achievements of Naval Reservists to help commands maintain mission readiness and service levels in the face of severe budget constraints and the adjustments required while downsizing.

With increased warning times, the Naval Reserve is reorienting some units to have differing tiers of readiness. This allows certain units more flexibility in their drill employment, and as a result they can provide more "real" contributory support to their active duty gaining commands. This innovation responds to the reality of a decreasing budget and the adaptability required in an uncertain, multi-polar environment.

To enhance peacetime contributory support the Naval Reserve—as well as the gaining command—will utilize flexible drilling. Instead of the traditional one-week-end-a-month, two-weeks-a-year drilling that has become the norm for the Naval Reserve, Reservists will be able to volunteer to combine drills and two weeks of active duty as needed by the gaining command.

An example of the changes being implemented now involves alignment of Reserve Construction Battalions (Seabees) under the direct operational control and responsibility of the Commanders-in-Chief of the Atlantic and Pacific Fleets. By employing flexible drilling, the Reserve Seabees will be able to complete construction projects in a far more efficient and cost effective way. Reserve medical personnel are also being employed in medical treatment facilities in a more flexible manner to provide CHAMPUS cost savings and other economies.

#### NAVAL AIR RESERVE FORCE

To take advantage of the extensive training and experience of many of our most proficient and combat tested aviators, two Reserve Carrier Air Wings will provide nearly 100 percent of the electronic warfare simulation and more than 60 percent of adversary support to the Fleet. The policy of horizontal integration of modern aircraft within the Reserve Carrier Air Wings will continue, enabling Reservists to remain current in fleet-compatible equipment as they train for crisis response.

Two HCS squadrons of the Naval Reserve Helicopter Wing, with their Navy-unique HH-60H helicopters, provide 80 percent of the combat (strike) search and rescue, and special warfare support capability resident in the Navy. Naval Reserve helicopter squadrons also provide significant contributions to the Navy's airborne mine countermeasure mission, and CONUS-based vertical on-board delivery and combat support missions.

The Fleet Logistics Support Wing continues to provide invaluable contributory support to the operating forces and enjoys enhanced capability as C-130T and high speed, cargo capable C-20G aircraft are assimilated. Deployed units will benefit from additional squadron detachments from Fleet Logistics support with a total of four C-9/C-130 aircraft deployed to the Mediterranean and Western Pacific. Additionally, six Reserve maritime patrol aircraft squadrons in the two Reserve maritime patrol wings now fly the P-3C, with the Navy's long-range plans calling for all squadrons to have the P-3C by 1996. To further fleet integration, a trial program is underway in Jacksonville, Florida, to fully integrate a Reserve squadron, VP-62, into the operational tasking and scheduling of Patrol Wing Eleven, an active air wing.

#### NAVAL SURFACE RESERVE FORCE

In the Naval Reserve Surface Force, older, less-capable ships have been retired so that the number of ships will stand at 32 by the end of the fiscal year. This includes 16 modern and capable FFG-7 class frigates, which are utilized in a variety of fleet missions.

In these days of a smaller surface fleet, other Reserve ships are expected to retire during fiscal year 1994, including four MSOs, eight FFTs, and two LSTs. However, in 1995, the first of 11 Coastal Minehunters (MHC) will join the Reserve Surface Force, taking on a littoral mission in keeping with our new maritime strategy outlined in the White Paper, ". . . From the Sea."

The Naval Reserve's Mobile Inshore Undersea Warfare (MIUW) force provides the Navy's entire capability in sea-air-land deployable surveillance to protect strategic inshore maritime areas. More than 2,000 Reservists, TAR and USN personnel are organized in 28 commissioned MIUWU's and two IUW group staffs. Their Radar Sonar Surveillance Center (RSSC) vans provide a radar, sonar and communications capability tantamount to that of a frigate. Three MIUWUs were recalled during Operations Desert Shield/Storm and deployed to the Persian Gulf region. From October 1990 through April 1992, one MIUW van was deployed to support drug interdiction and counter-narcotics operations. Manning was provided on a rotating basis by units performing annual training. The Naval Reserve continues to improve the capabilities of this proven command, and as it shifts its emphasis to littoral missions, potential contributions will be even more significant.

Many other units within the Surface Force also have a littoral warfare mission and make up much of the Total Force's capability in that area. More than 40 percent of the Navy's capability in Explosive Ordnance Disposal, 50 percent of the Mobile Diving and Salvage Units and Special Boat Units, and 90 percent of the Cargo Handling Battalions are in the Naval Reserve.

As a result of the logistics lessons learned from Operation Desert Storm, two new Reserve units, Naval Reserve Logistics Task Force Headquarters and Task Force Pacific Headquarters 120, have been established to support the Fleet Commanders. These augmentation units, which consist of logistics experts, will be key players in the littoral warfare mission area and future crises response support.

#### SUMMARY

The changing nature and mission of the Naval Reserve is a reflection of the changes the U.S. Navy is making in response to this new world order. As the Navy becomes smaller, as its missions change, the Naval Reserve's missions will change to complement the active force. The Naval Reserve will:

- be more closely linked with the active Navy as more Naval Reservists and Naval Reserve units drill at their gaining commands;
- provide greater real-time, everyday support to the regular Navy by providing greater drilling flexibility for Reservists, and by accepting more missions from a smaller regular Navy; and,
- continue to restructure in a balanced way to support the needs of the Total Force. This will mean examining the Naval Reserve's mix of USN/TAR full time support; streamlining its infrastructure; and balancing mobilization requirements with peacetime contributory support.

The Naval Reserve's commitment to our Nation and the Navy remains the same as when those first citizen-sailors walked the decks of their wooden ships in our War for Independence. It is ready to serve with pride and distinction, in war—and in peace.

#### STATEMENT OF MAJ. GEN. JEFFREY W. OSTER, USMC, ASSISTANT DEPUTY CHIEF OF STAFF, MANPOWER AND RESERVE AFFAIRS

Senator INOUE. General Oster.

General OSTER. Sir, it is a privilege to be here before the committee today representing the Marine Corps Reserve. As you are aware, our Commandant, General Mundy, along with the Secretary of the Navy and the Chief of Naval Operations, have recently articulated a new vision for the strategic operational environment of the Navy in the year 2000.

I can assure you that this vision of naval expeditionary forces, shaped for joint operations, operating forward from the sea, is a total force vision. We have conducted some comprehensive studies of our structure and a major achievement of that has been the identification of mutually supporting Active and Reserve structures as part of the total force.

You may also know that we have recently improved the command and control of the Marine Corps Reserve. On July 1 last year, we stood up the Marine Reserve force as a single point of contact for command and control of our Reserve. Now, this new strategic vision, together with our Marine Reserve force command and

control, has allowed us to do something that we always knew we could do, and that is to utilize our Reserve as not just a mobilization asset. Today, our Reserve contributes to missions across the peacetime spectrum, from exercise support and humanitarian assistance to counterdrug operations and forward presence.

While we will continue to build on the successes of Desert Storm and the lessons learned, we are going to stick with some three basic fundamentals.

The first fundamental is that each of our Reserve organizations will be organized and equipped exactly like our Active forces.

Our second fundamental is that each of our Reserve organizations will train to and be evaluated by the same combat readiness standards as our Active forces.

And third, we are committed to maintain a quality Reserve force by recruiting and retaining the best and the brightest that are out there.

Sir, it is a great pleasure to be here, and I look forward to your questions.

Senator INOUE. Thank you, General.

[The statement follows:]

## STATEMENT OF MAJ. GEN. JEFFREY W. OSTER

## INTRODUCTION

Mr. Chairman, distinguished members of the committee, I thank you for the opportunity to describe the current capabilities and future needs of the Marine Corps Reserve. This is the first report I am privileged to present to the Committee. The information I provide is consistent with the President's budget and the Department of the Navy 1993 Posture Statement.

In last year's statements to the Congress, Lieutenant General Matthew T. Cooper and Major General Mitchell J. Waters summarized a number of important milestones we added to the legacy of the Marine Corps Reserve during 1991. These included our deployments and support of Marine Expeditionary Forces and Joint Task Forces, particularly our participation in Operations Desert Shield and Desert Storm.

These operations validated our integrated training and exercise programs. They showed our versatility and responsiveness to assimilate the Reserve Component with the Active Component to form one Total Force Marine Corps. Accomplished during the 75th Anniversary Year of the establishment of the Marine Corps Reserve, the operations also proved that our mobilization doctrine was reasonable and supportable under the prior force structure levels approved by the Congress.

In providing their statements, Generals Cooper and Waters acknowledged that changes in the world order, coupled with domestic economic considerations, would necessitate changes to our Marine Reserve Component. It was time to capitalize on lessons learned from our operational experience and shift our focus to addressing future requirements in support of our national security interests. The objective was, and still is, to retain combat power and force projection capability within the Total Force Marine Corps during this period of change.

Rather than rest on our laurels, we promised to be even more proactive in pursuing new initiatives relative to our readiness and capabilities. I am pleased to report on these initiatives today. The initiatives encompass a new strategic vision for the Navy and Marine Corps Team as well as organizational and operational changes. In discussing these changes, I will also provide information on the current status of the Reserve Component, our plans to maintain readiness, and the resources we need to accomplish all assigned missions.

#### A NEW DIRECTION FOR THE NAVAL SERVICE: ... "FROM THE SEA"

To make quality decisions regarding how best to structure and employ our Reserve Component in the new national security environment, we must first review the envisioned roles and functions. These were articulated by then Secretary of the Navy, the Honorable Sean O'Keefe; Chief of Naval Operations, Admiral Frank B. Kelso II; and the Commandant of the Marine Corps, General Carl E. Mundy, Jr., in a White Paper issued jointly last September entitled *...From the Sea*. Well thought out, and over a year in the making, the paper gives new direction for the Naval Service, including its Reserve Components. Since this paper has already been discussed before the committee, I will summarize key points applicable for the Marine Corps Reserve.

*...From the Sea* recognizes a dramatic shift in our global strategy and the basic challenges to American interests and continued growth. The new focus is toward joint service operations conducted from the sea on coastal and near land areas. These are the littoral regions where much of the world's population lives and where most global commerce and maritime activity takes place. Within these regions lie both challenges and opportunities. There is uncertainty in regions critical to our national interests, but also great potential in those areas receptive to universal American ideals of democracy, peace, and economic opportunity.

To meet these littoral challenges and opportunities, ...From the Sea announced a new direction for the maritime components of the national security forces, which include Active and Reserve Components of the United States Navy and Marine Corps. This direction provides Marine Expeditionary Forces shaped for joint operations, operating forward from the sea, and tailored for the full spectrum of national needs. One such mission is crisis response. In response to crisis, Marine Expeditionary Forces provide the initial enabling capability of the Joint Force, and, if required, follow-on sustained operations as part of a "sea-air-land" team. Elements of the larger team could include Army, Air Force, Special Operations, Coast Guard, and Reserve Forces in contributory support.

Some strategists question whether this new direction represents a change for the Total Force Marine Corps. The description of our Marine Corps as America's "Expeditionary Force in Readiness" was first articulated in Conference Report language accompanying legislation spelling out our roles and missions over 40 years ago.

Clearly, the operating environment for the Total Force requires review. Rather than equipping and training ourselves predominantly for "go it alone" or limited partnership missions, the emphasis embodied within the new direction is on joint and combined operations. The Total Force Marine Corps must be shaped for joint operations and structured to expand and capitalize on the traditional expeditionary roles. The new roles require swift response, on short notice to crises in distant lands, using forces tailored to build power from the sea. The roles also require forces able to sustain support for long-term operations, unrestricted by the need for transit or overflight approval from foreign governments. Our historical operating experience helps to ease our implementation tasks. These new principles are consistent with our time-tested methods to task organize components for training and warfighting operations.

Task organization is a way of life in the Active and Reserve Components of the Marine Corps. We routinely combine command, ground combat, air combat, and combat service support elements into Marine Air Ground Task Forces, and size them to meet mission requirements. This organizational capability is further enhanced as the Marine Air Ground Task Forces are combined with Naval air and sea assets, and the ability to marry up equipment with the Maritime Prepositioning Ships Force.

I believe the Marine Corps Reserve Component will directly complement the strategic vision described in ...From the Sea to enhance the worldwide readiness of the Active Component. The augmentation and reinforcement capabilities of the Marine Corps Reserve are cost effective and relevant. The Reserve Component maintains flexibility and a high state of readiness to perform both combat and multiple contingency missions and to provide peacetime support to the Active Component.

Implementation of the vision, ...From the Sea, is underway. These changes require updated doctrine, education, service integration, training, acquisition, operations, and risk education, among other areas. Amplifying documents and policy statements are in development on these subjects. The Marine Corps Reserve will remain an active participant in this important process.

## ORGANIZATIONAL CHANGES

### Force Structure Planning Groups

Concurrent with the development of ...From the Sea, the Commandant directed reviews to determine a better fighting structure for the Marine Corps. Because we also recognize the immediate nature of the requirement for change, and the continuing need to safeguard the Nation's vital interests through the military instrument of power, the Marine Corps initiated examination of capability requirements concerning the National Military Strategy and new Naval Direction.

Capabilities assessment is not new for the Marine Corps. We have previously redefined our probable employment roles and developed commensurate force capabilities. During the interval between the World Wars the Marine Corps used its vision of an evolving world to develop the amphibious warfare capability which has served the Nation so well ever since. Later, drawing upon lessons learned during those conflicts and Korea and Vietnam, we refined our force structure, equipment, and tactics to ensure mission accomplishment in emerging strategic environments, particularly those of an expeditionary nature.

To describe the Marine Corps of the future, a Force Structure Planning Group was assembled in 1991 at the direction of the Commandant of the Marine Corps. This group was specifically tasked with designing the most capable force structure and supporting establishment for known and anticipated operational requirements at various strength levels. As an adjunct to that effort, a Reserve Force Structure Planning Group was subsequently convened to determine a complementary Reserve structure. This latter group based projections of Reserve Component force levels on the Active Component augmentation and reinforcement requirements identified by the Force Structure Planning Group. The results were mutually supporting, long range plans for a reorganized structure for the Marine Corps. The plans considered assigned tasks and appropriate operation and personnel tempo for our unit deployments and individual Marines. The plans are known as USMC 2001 and USMCR 2001 in keeping with the emphasis to meet future requirements, in a changing world, through the beginning of the next century. During this process, the Marine Corps Reserve was reconfirmed as an essential element in our Total Force.

Marine Corps analysis has identified the force structure and manpower requirements to comply with the current National Military Strategy and Unified Command forward presence commitments. The specific recommendations for the USMCR 2001 force structure were briefed to the Secretary of Defense, Secretary of the Navy, and Congress last year.

#### **Marine Reserve Force**

As a follow-on to the USMCR 2001 report, the Commandant directed the Reserve Component to structure an organization that will sustain the Selected Marine Corps Reserve as a vital part of the Total Force Marine Corps. General Mundy directed that the resulting organization be austere, yet capable of accomplishing the mission to staff, organize, train, and equip the Reserve Component for employment. The resulting study addressed command relationships and personnel management within the Reserve Component and at Headquarters U.S. Marine Corps. Continuing training and professional military education requirements were also critical elements of the study.

Based on the study results, on May 4, 1992, the Commandant directed that *Marine Reserve Force* be established effective July 1, 1992. Marine Reserve Force provides a single point of contact through which the Commandant, as a Service Chief, can discharge his responsibility to the Secretary of the Navy for the timely provision of trained and equipped Reserve units and individuals to the combatant commands. Consolidation of Marine Reserve assets under a single headquarters provides better visibility of available resources and reduces the potential for overcommitment and disruption of contingency plan execution. Marine Reserve Force streamlines the Reserve Component and eliminates duplicate functions among various staffs. It also increases command opportunities for senior Reserve Component officers. Command and control of the Reserve Component is strengthened as a result of the activation of Marine Reserve Force.

Assisting the Commandant at Headquarters U.S. Marine Corps in managing the Reserve Component are key members of his staff. The Deputy Chief of Staff for Manpower and Reserve Affairs is the principal staff officer for oversight of Reserve matters. He is assisted by the Assistant Deputy Chief of Staff for Manpower and Reserve Affairs, for Reserve Affairs, who oversees the daily activities of the rejuvenated Reserve Affairs Division.

The major components of Marine Reserve Force are the 4th Marine Division, the 4th Marine Aircraft Wing, the 4th Force Service Support Group (collectively called the 4th Division-Wing-Logistics Team), the Marine Corps Reserve Support Command, and two Marine Expeditionary Brigade command elements. Marine Reserve Force is commanded by an Active Component major general. The Marine Division and Marine Aircraft Wing are commanded by Reserve Component major generals. The Force Service Support Group is commanded by a Reserve Component brigadier general. All three commands are co-located with the Marine Reserve Force in New Orleans. The Marine Expeditionary Brigade command elements, located on the east and west coasts, are commanded by Reserve Component brigadier generals. The Marine Corps Reserve Support Command, located in Overland Park, Kansas is commanded by a Reserve Component brigadier general.

The force structure planning efforts mentioned earlier, and the creation of Marine Reserve Force, demonstrate our concern for Reserve force structure. The force management enhancements realized through single agency responsibility for Marine Reserve training and administration will result in a sustained improvement in both personnel readiness and the operational proficiency of Reserve units. Marine Reserve Force has published a campaign plan which gives expression to the foregoing considerations and areas of emphasis. The campaign plan serves as a translation document between the Marine Corps vision for the Total Force role of our Reserve, and the Reserve commanders and staff who will carry that vision into action. The plan connects commanders directly to the "big picture" and provides a road map against which to check course and speed. The campaign plan is an effective tool for facilitating both internal and external understanding of Marine Corps Reserve operations and programs.

### OPERATIONAL CHANGES

The establishment of Marine Reserve Force not only streamlined functions and integrated staffs, but also required us to rethink the Reserve roles of employment. The Marine Corps Reserve is more than just a mobilization asset. Opportunities exist for the Reserve to perform missions across the peacetime spectrum, from exercises to forward presence operations. Imaginative planning is the key to successful employment of the Reserve.

In Continental U.S. (CONUS) exercises/operations, the Reserve 1) augments, reinforces, or conducts major exercises; 2) supports training events like combined arms exercises; 3) provides select augmentation units to support logistics requirements at bases and stations; and 4) augments the Maritime Prepositioning Force maintenance cycles.

In forward presence operations, the Reserve 1) augments and reinforces combined exercises; 2) helps maintain Norway prepositioned equipment; 3) provides security assistance teams and detachments; and 4) supports exercises and counter-drug operations of U.S. Southern Command.

Innovative employment options are already being used by Marine Reserve Force to support these requirements for periods longer than the normal 2-week annual training cycle. These options include rotation of units to provide a continuous presence, using volunteers to form exercise-specific units, and the selective use of the 30-day annual training authorization.

In light of the new direction and our planning, new and precise mission statements for major Marine Corps Reserve organizations have been prepared to raise awareness of the critical nature of our Reserve forces. This awareness ensures assignment of proper priority for resourcing Reserve programs. Clear definition of peacetime and mobilization functions for Marine Reserve Force, and its major subordinate commands, is essential for proper internal and external understanding of force capabilities and limitations.

### **Premobilization Functions**

During peacetime, Marine Reserve Force will assist the Commandant of the Marine Corps in the development and implementation of plans and policies, budgets, and force structure for the Marine Corps Reserve and will be responsible for the operational readiness of the Reserve Component. Marine Reserve Force organizes, equips, and maintains forces of drilling units, and integrates training plans and administrative procedures of subordinate units. They also develop, maintain, and rehearse the Marine Reserve Force plan for implementation of the Marine Corps Mobilization Management Plan. Further, Marine Reserve Force develops plans for augmentation and reinforcement of the Active Component consistent with approved force structure levels.

During peacetime, the 4th Division-Wing-Logistics Team trains and administers their units in the same full range of employment roles as like units of the Active Component. The 4th Division-Wing-Logistics Team provides Reserve units to operational forces for training exercises, humanitarian and disaster relief operations, counternarcotics operations, and civil disturbance operations.

The peacetime mission of the Marine Corps Reserve Support Command is to coordinate the training and administration of the Marine Corps Pretrained Individual Manpower. They also recruit qualified prior service personnel for drilling units and Individual Mobilization Augmentee billets. The Marine Corps Reserve Support Command screens the Individual Ready Reserve and maintains operational readiness of Marine Corps Mobilization Stations. Another peacetime function of the Marine Corps Reserve Support Command is to provide individuals to operational forces and to support Reserve activities including training exercises.

### **Mobilization Functions**

Marine Reserve Force's responsibilities under mobilization are to direct the activation/mobilization of Selected Marine Corps Reserve units, and provide those units, as well as Pretrained Individual Manpower, to gaining commands. Major subordinate commands (4th Division-Wing-Logistics Team) provide units for assignment in augmentation and reinforcement roles, and continue training those units not activated or mobilized. Marine Reserve Force also directs the activation of the mobilization stations for processing the Pretrained Individual Manpower.

Marine Reserve Force staffs, operates, and maintains Reserve Centers, and supervises the rendering of family assistance, casualty assistance, inter-service support, and community relations services. In anticipation of the need to rapidly deploy the Reserve unit and the Inspector-Instructor staff simultaneously, we have established Reserve Training Center Mobilization Teams for each of our Reserve Training Centers. These teams consist of pre-assigned Individual Ready Reservists and retirees. Their mission, upon mobilization of the Reserve unit, is to assume responsibility for providing the day-to-day operation, security, and maintenance of the Reserve Training Center and all government equipment and materials left behind; conducting administration and training for Reserve Marines left behind; providing family assistance to families of mobilized Marines; continuing community and public relations programs; handling casualty assistance; and being prepared to reconstitute a Reserve unit if required.

### **MANPOWER**

The young men and women who serve in our Reserve Component are our greatest asset and source of our strength. Our Reserve Marines are ambitious, disciplined, hard-working, motivated, well-trained, well-led, and dedicated to excellence in serving their Country and Corps. They deserve rewarding career opportunities, adequate pay and benefits, and the guarantee of equal opportunity to reach their full potential without hinderance of discrimination or sexual harassment.



The Marine Corps Reserve is organized into three categories as required by law: the Ready Reserve, the Standby Reserve, and the Retired Reserve. Active duty personnel in support of Marine Reserve Force, Navy personnel, and civilian employees of the Marine Corps provide additional support to the Marine Corps Reserve.

### Ready Reserve

The largest category of the Marine Corps Reserve is the Ready Reserve. The Ready Reserve consists of the Selected Marine Corps Reserve and the Individual Ready Reserve. It is the primary source of both units and individuals upon mobilization.

### Selected Marine Corps Reserve

The Selected Marine Corps Reserve consists of 3 elements: 1) Marine Reserve Force units, 2) Individual Mobilization Augmentee members, and 3) Full-Time Support personnel. Reservists serving in Marine Reserve Force units comprise the largest portion of the Selected Marine Corps Reserve.

Members of the Selected Marine Corps Reserve assigned to the Marine Reserve Force serve in the 4th Division-Wing-Logistics Team, and in approved Individual Mobilization Augmentee or Full-Time Support billets. The 4th Division-Wing-Logistics Team is the largest component of the Marine Reserve Force. The structure of the Marine Reserve Force operating forces is designed in consonance with the Active Component and is organized specifically to meet peacetime and mobilization missions.

Reservists in the Individual Mobilization Augmentee program are assigned to mobilization billets which were comprehensively validated during FY92. Individual Mobilization Augmentee members are subject to mobilization within 24 hours following the issuance of mobilization authority. Individual Mobilization Augmentees are assigned to billets in our supporting establishment where they train with counterparts from the Active Component at all bases, stations, and major headquarters. These Marines also staff the 47 mobilization stations located throughout the country. During FY92 these stations completed the screening of 27,000 members of the Individual Ready Reserve. During FY93, 27,000 Marines are scheduled for screening.

The Full-Time Support program is the third part of the Selected Marine Corps Reserve. The men and women on active duty in this program also support the Reserve Component as part of Marine Reserve Force and within the supporting establishment. All Full-Time Support billets were validated in FY92 and again in FY93. Full-Time Support duties cover policy development, administration, recruiting, training, and logistical support for the Reserve. The integration of reservists on active duty in support of the Reserve Component helps keep the lines of communication open throughout the Total Force Marine Corps. Full-Time Support personnel enhance the Marine Corps' ability to address issues from a Total Force perspective.

We are requesting \$308.0 million in FY94 for the Reserve Personnel, Marine Corps appropriation, which funds the Selected Marine Corps Reserve. The funding is projected to support a Selected Marine Corps Reserve end strength of 36,900. The total funding requested for the Marine Corps Reserve can be found on the final page of this statement.

A comparison of actual end strength for FY92, approved end strength for FY93, and budgeted strength for FY94 is shown in the following table:

Category	FY92	FY93	FY94
Marine Reserve Force/4th Division-Wing-Logistics Team <sup>1</sup>	36,208	34,918	30,420
Individual Mobilization Augmentee	1,222	1,687	1,687
Full-Time Support	2,280	2,285	2,119
Initial Active Duty for Training	2,485	3,425	2,674
Total Selected Marine Corps Reserve	42,195	42,315	36,900

<sup>1</sup>Excludes Individual Mobilization Augmentee and Full-Time Support Personnel

### Individual Ready Reserve

The 64,110 members of the Individual Ready Reserve represented about 60 percent of the Ready Reserve at the end of FY92. The Individual Ready Reserve provides pre-trained Marines to fill shortfalls in Active and Reserve Component forces, and for the expansion of the supporting base to meet wartime contingency requirements. Though not required to drill, the Individual Ready Reserve is a valuable and experienced manpower asset. Marines who have served and received training as part of the Active Component, but have some period of obligated military service remaining, are assigned to the Individual Ready Reserve upon release from active duty. In addition, individuals who have completed their military service obligation may choose to remain in the Individual Ready Reserve. As previously indicated, the Individual Ready Reserve is managed by the Marine Corps Reserve Support Command.

### Standby Reserve

The Standby Reserve consists of reservists who may be ordered involuntarily to active duty only in time of war or national emergency as declared by Congress or otherwise authorized by law. The Standby Reserve is composed of an active status list and an inactive status list. Marines in the Standby Reserve are normally not immediately available for mobilization due to problems that are temporary in nature. These Marines may be called only when the Ready Reserve does not have enough qualified members in a specific skill category to fulfill requirements. The end strength of the Standby Reserve at the end of FY92 was 468 Marines.

### Retired Reserve

Marine reservists who have transferred to the retired list pursuant to Federal law having completed 20 qualifying years of creditable service for retired pay are members of the Retired Reserve. The strength of the Retired Reserve on September 30, 1992 was 8,921. The Retired Reserve includes members of the Fleet Marine Corps Reserve.

### Inspector-Instructor/Active Duty Support

Our Inspector-Instructor/Active Duty Support program provides us a unique and successful system of supervising, instructing, and assisting Reserve units in attaining operational excellence and maintaining a high, continuous state of combat readiness. The program is fundamental to our Total Force Marine Corps.

Inspector-Instructors are Active Component Marines who:

- Supervise, instruct, and assist Selected Marine Corps Reserve ground units in attaining and maintaining a continuous state of readiness for mobilization;

- Inspect and render technical advice to units in functions including administration, logistical support, and public affairs; and,
- Execute collateral functions as directed by higher authority.

Inspector-Instructors are assigned to the 4th Marine Division and 4th Force Service Support Group, and normally serve 3-year tours of duty.

The Active Component Marines of the 4th Marine Aircraft Wing, while not designated Inspector-Instructors, perform similar roles in maintaining unit readiness for mobilization. These Marines provide for the continuous maintenance, operation, and administration of squadrons and other aviation units.

The Marine Corps had 4,837 members of the Active Component assigned to duty with Inspector-Instructor staffs and 4th Marine Aircraft units at the end of FY92 in support of the Selected Marine Corps Reserve. The Active Component Marines are in addition to Reserve Component Marines serving on active duty under the Full-Time Support program. The number of Active Component positions requested for FY94 is 4,234. The decrease stems from reductions in the Active Component force structure.

In June 1992, we identified selected Inspector-Instructor staff billets for integration into Reserve Tables of Organization. This action was taken to improve Reserve readiness posture upon mobilization. For example, it enabled:

- The manning of selected technical billets that require extensive training and experience with fully qualified individuals, thereby facilitating command effectiveness.
- The rapid administrative and logistical integration of Reserve organizations into Active Component units.

This change will allow selected members of the Inspector-Instructor staff to deploy with the activated unit. The billets chosen for this program are largely technical and administrative, and have been historically difficult to fill with qualified reservists. Upon mobilization, these selectively designated Inspector-Instructors become an integral part of the Selected Marine Corps Reserve unit. The remaining members of the Inspector-Instructor staff deploy with the unit to the Station of Initial Assignment to assist in the mobilization and initial training process. Thereafter, they are reassigned to Active Component combat units for deployment to combat.

### **U.S. Navy Support**

I am pleased to acknowledge the U.S. Navy support to the Marine Reserve Force. My predecessors have also testified before the Committee regarding the professionalism and cooperation of these Naval officers and enlisted personnel. I can unequivocally state that Marine Reserve Force missions could not be executed without their direct support. The U.S. Navy furnishes the Marine Reserve Force with medical, dental, religious, construction, and Naval Gunfire Liaison Officer support.

For FY94, the Naval Reserve has requested \$21.5 million for personnel support for the Marine Corps Reserve. The funding is mission essential for the Marine Corps Reserve to retain its level of readiness. We enthusiastically endorse the request.

### **Civilian Support**

Our FY94 budget request includes funding for 155 civilian positions. The positions we are requesting are in administration, data processing, and personnel management and are located at the major Reserve headquarters sites.

## Recruiting and Retention

Several years ago our 28th Commandant stated "some military organizations around the world recruit people to operate equipment, but the Marine Corps procures equipment to outfit our people." Our current (and 30th Commandant) General Carl E. Mundy, Jr., restated this policy as follows: "All of the sophisticated technology, weapons, and equipment military services the world over own...are worthless unless the right people are operating them. People are the most important element of successful mission accomplishment in any military service."

I am pleased to report that the Marine Corps Reserve is doing very well in attracting and retaining quality personnel. Our prior service and non-prior service recruiting programs continue to provide high quality men and women to meet the manning requirements of the Selected Marine Corps Reserve.

Our prior service recruiting program is staffed by Marines working under the Full-Time Support program. These Marines are normally located with Reserve units in the community they serve. Our recruiting mission for FY93 is 4,200 prior service Marines (3,300 enlisted and 350 officers for the Selected Marine Corps Reserve, and 150 enlisted and 400 officers for the Individual Mobilization Augmentee program).

Our non-prior service recruiting is accomplished by active duty recruiters in the same manner this mission is accomplished for the Active Component. Working in close coordination with the Reserve Component, they recruited 5,091 non-prior service Marines during FY92. Tier 1 high school graduates comprised 99.5 percent of the accessions with 100 percent scoring in mental group categories I-III on the Armed Forces Qualification Test. Our recruiting mission for FY93 is 6,156 non-prior service recruits.

Our FY92 continuation rates of officers and enlisted personnel who continue service in the Selected Marine Corps Reserve were 80.2 percent for Marines with less than 6 years of total service, and 88.1 percent for Marines with 6 or more years total service. One factor contributing to our retention of quality Marines is the Reserve Montgomery G.I. Bill for educational assistance. As of last September, 14,352 Reserve Marines were participating in this program.

## READINESS AND TRAINING

Concurrently, with implementation of the organizational and operational changes I have discussed, we have developed intensive and aggressive training policies and programs for the 4th Division-Wing-Logistics Team. Our priority has been, and will continue to be, on training programs crafted to accomplish our mission with minimal risk to personnel safety, material resources, and the environment. The mission of the Reserve Component is to provide trained units and qualified individuals to be available for active duty in time of war, national emergency, and at such times as national security may require.

Our current areas of emphasis are development and maintenance of a compatible Active Component and Reserve Component force structure; quality leadership and supervision; improvement of military occupational specialty qualification rates; availability and operating condition of equipment; aggressive employment of simulators and other training or evaluative programs; and access to adequate facilities and ranges.

The organizational changes discussed earlier, including the creation of Marine Reserve Force, demonstrate our interest in a fully integrated force structure between the Active and Reserve Components. The following information is provided concerning the other Marine Corps Reserve priorities.

## Leadership

Our policy to assign Active Component Marines in support of the Reserve provides a basis for high quality leadership and supervision to the Reserve Component. In addition, a strength of the Selected Marine Corps Reserve is that nearly all of the officers have at least 3 years of active duty. Enlisted prior service Marines also bring valuable active duty leadership experience.

We want our Reserve units led by professionals so we invest heavily in professional development school courses for reservists. During FY92, 3,808 Officers and Staff Non-Commissioned Officers attended over 30 different professional military education schools. The number of professional military education opportunities budgeted for FY93 and FY94 is about 3,738 for FY93 and 586 for FY94.

Complementing the professional military education opportunities are assignments available under our Reserve Counterpart Training and Exercise Support Programs. These programs provide members of the Individual Ready Reserve the opportunity to refresh their leadership and military occupational specialty skills on-the-job at a Marine Corps installation or with a unit participating in an exercise. The number of Individual Ready Reserve members participating in Reserve Counterpart Training or Exercise Support Program training during FY92 was 1,450. Limited funding will permit only 1,100 Individual Ready Reservists to participate in FY94.

Information on professional military education, Reserve Counterpart Training, and Exercise Support Program opportunities, as well as on Selected Marine Corps Reserve and Individual Mobilization Augmentee billet vacancies, promotions, and other administrative announcements, are disseminated through a new Marine Corps Reserve Bulletin Board System. Reserve Marines and Marine Corps commands can access the Marine Corps Reserve Bulletin Board System, which began operation during May 1992, using a toll free number. Initial use has been encouraging. The Marine Corps Reserve Bulletin Board System represents a well-designed support system, and has the potential to become the prime source of information for both Active and Reserve Component Marines and organizations involved in the management of Reserve programs.

## Military Occupational Specialty Qualification Rates

Our goal for military occupational specialty qualification is to attain 95 percent qualification in Selected Marine Corps Reserve units. Recent military occupational specialty match rates of 89 percent for the 4th Marine Division, 91 percent for the 4th Marine Aircraft Wing, and 81 percent for the 4th Force Service Support Group indicate a good start towards our goal. Fundamental policies requiring our non-prior service enlisted Reserve Marines to participate in the same battle skills training and full length formal training courses as the Active Component Marines helps us maintain a high match rate.

Our policy to align specific unit openings with a prior service applicant's military occupational specialty also contributes to our qualification rate. In those cases when an applicant's military occupational specialty does not match the opening, we provide the Marine with an opportunity to obtain the necessary qualification through a formal military, vocational, or technical school, or through on-the-job training. During FY94 we have budgeted for 223 vocational/technical training opportunities in a number of diverse occupational specialty areas.

## Equipment

We have generally returned our major end item posture to predeployment levels and have funded the remaining Southwest Asia related deficiencies. The overall increase is even more impressive when considered with the increase in the number of authorized mission

essential pieces of equipment. The following chart illustrates the improvement in mission essential equipment readiness from October 1991 to September 1992:

Component	October 1991		September 1992	
	%	# Items	%	# Items
4th Marine Division	77.5	8,794	85.4	11,750
4th Marine Aircraft Wing	90.1	3,055	93.5	3,149
4th Force Service Support Group	85.5	1,969	87.5	2,188
Marine Reserve Force	81.4	13,818	87.2	17,087

We enjoyed even greater improvement percentages in the readiness of our combat essential equipment (artillery, assault amphibious vehicles, light armored vehicles, and tanks) over the same period. For example, the readiness of artillery pieces improved 16 percent, while tanks improved by 56 percent.

We are proud of these percentages. Our equipment readiness is outstanding and shows how the Total Force worked together after demobilization to restore our capability. Our goal is to further improve these levels of readiness.

### Simulators

The use of simulators and other training systems provides an opportunity for realistic training at a substantially reduced cost. We have acquired and are aggressively employing this equipment at our Selected Marine Corps Reserve unit locations. We now use indoor simulated marksmanship trainers, light armored vehicle anti-tank systems, and light armored vehicle turret trainers. Additional programmed assets include F/A-18A flight simulators, low altitude air defense stinger simulators, a combined arms staff trainer, moving target simulators, TOW (tube-launched, optically-tracked, wire-guided) and Dragon missile system simulators, infantry squad trainers, and tank full-crew interactive simulator systems.

### Other Training and Evaluative Programs

Over the past several years my predecessors have described for the committee in some detail the comprehensive training program we have developed for the Reserve Component. Rather than discuss every facet of the program, such as opportunities for multi-unit exercises with the Active Component or international training assignments, I will address several programs which contribute markedly to our readiness. These programs are important because they tell what we are doing right as well as identify areas for corrective action.

The first program is the assessment we perform using the Marine Corps Combat Readiness and Evaluation System. This system tests the ability of the unit to perform wartime missions under simulated combat conditions. Since we really mean what we say about maintaining like units for like functions in our Active and Reserve Components, we use realistic scenarios and the same Marine Corps Combat Readiness and Evaluation System performance standards and grading criteria to test units of both components. Eight battalion or squadron sized units were evaluated as ready during FY92. Seven more units are scheduled for testing during FY93.

We also continue to employ our highly successfully Mobilization Operational Readiness Deployment Test program. A Mobilization Operational Readiness Deployment Test requires the Selected Marine Corps Reserve unit to demonstrate the ability to mobilize. It is the primary means we use to determine a unit's ability to contact and recall personnel,

process them into active duty, and deploy. A Mobilization Operational Readiness Deployment Test will evaluate administration, logistics, personnel, and medical readiness. Marine Reserve Force has recently expanded the Mobilization Operational Readiness Deployment Test to the areas of command and control, family assistance, and community relations.

There are two types of Mobilization Operational Readiness Deployment Tests: Mobilization Operational Readiness Deployment Test and *Go*, and Mobilization Operational Readiness Deployment Test and *Stay*. The *Go* type requires transportation to the station of initial assignment at a major command such as Camp Lejeune or Camp Pendleton. While at the station of initial assignment, mission oriented training is conducted and the unit usually bivouacs in the field.

Since the Mobilization Operational Readiness Deployment Test and *Go* is very expensive, we primarily use the Mobilization Operational Readiness Deployment Test and *Stay* method. This method of evaluation is similar to the Mobilization Operational Readiness Deployment Test and *Go* except there is no movement beyond the home training center.

Three special notes about Mobilization Operational Readiness Deployment Tests. First, they are no-notice tests. Care is taken to ensure that the unit being evaluated is not given advance notice, thereby protecting the integrity of the test. Second, each unit receives a Mobilization Operational Readiness Deployment Test at least once every 3 years. Third, the Commanding General, Marine Reserve Force is the coordinator and evaluator of this program.

During FY92, Marine Reserve Force conducted two "Go" and 115 "Stay" evaluations. All but seven of the units were evaluated as ready on the initial evaluation. All units not passing the initial test were judged satisfactory upon reinspection. For FY93 and FY94 we have scheduled 128 and 143 additional units for evaluation, respectively.

A third program is the periodic assessment of supply accounting and maintenance procedures. Using the same criteria as the Active Component, inspectors found that our Reserve units are exercising the same level of sound supply accounting practices and maintenance procedures as the Active Component.

We also are continuing to maintain our emphasis on physical fitness, weight control, personal appearance, essential military subjects, and battle skills such as individual weapons employment. We employ such training because we know that individual readiness is the key to unit readiness.

During FY92, more than 7,000 reservists from 31 different units participated in combined arms exercises during Annual Training at our Marine Corps Air Ground Combat Center, 29 Palms, California. This training stresses fire support coordination and command and control. We have scheduled some 9,000 Marines from 35 units for this training during FY93.

### Facilities

The Marine Corps Reserve operates from 166 ground and 29 aviation sites spread through 46 States, the District of Columbia, and the Commonwealth of Puerto Rico. The dispersion of our units makes the Marine Corps Reserve truly a bridge between our Active Component and the people of the United States.

We are placing great emphasis on improving the quality of our facilities because a number of our units continue to occupy space which is inadequate to accommodate administrative and operational requirements. We want to alleviate crowded conditions wherever possible and improve the quality of the working environment.

We are carefully monitoring the availability of alternative training facilities in conjunction with base closures and Active force reductions. We are looking for opportunities to secure access to quality Reserve Centers, ranges, and training areas which will also support the efforts of our sister services to retain those vital locations in the DoD inventory.

I have described today what we are doing in the Marine Corps Reserve to be ready when needed, relevant in force composition and employment, and fully capable of meeting national requirements. I have highlighted the new direction of the Navy/Marine Corps team, including our Reserve Component, and the organizational and operational changes we are making to achieve that vision. I have also provided information on a number of key areas of interest to the Committee, including a snapshot of our manpower status, and our readiness and training program priorities.

The Total Force Marine Corps is America's force in readiness, and the Marine Corps Reserve is an integral part of that Total Force. As we refine our focus as a complementary partner in the joint sea-land-air team of national defense, we look forward to continuing our tradition of service to the Nation and building on our legacy as expeditionary Soldiers of Sea. As always, we look to the Congress to support the Total Force Marine Corps.

**TOTAL SUPPORT OF THE MARINE CORPS RESERVE** *(budget request)*  
(Millions of Dollars)

<u>MARINE CORPS APPROPRIATIONS</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>
Reserve Personnel Marine Corps (RPMC)	345.0	345.5	308.0
Military Personnel Marine Corps (MPMC) <sup>1</sup>	150.1	150.2	144.1
Operations and Maintenance Marine Corps Reserve (O&M,MCR)	93.0	79.1	75.1
Procurement Marine Corps (PMC)	<u>33.0</u>	<u>16.9</u>	<u>5.1</u>
<b>TOTAL MARINE CORPS</b>	<u><b>621.1</b></u>	<u><b>591.7</b></u>	<u><b>532.3</b></u>
 <u>NAVY/OTHER SUPPORT</u>			
Operations and Maintenance Naval Reserve (O&M,NR) <sup>2</sup>	65.9	67.0	69.7
Reserve Personnel Navy (RPN) <sup>3</sup>	14.9	21.7	21.5
Military Construction Navy Reserve (MCNR)	5.0	5.5	3.1
National Guard Reserve Equipment, Defense Appropriation (NGREA)	<u>158.0</u>	<u>232.0</u>	----
<b>TOTAL NAVY/OTHER SUPPORT</b>	<u><b>243.8</b></u>	<u><b>326.2</b></u>	<u><b>94.3</b></u>
 <b>TOTAL SUPPORT OF USMCR</b>	 <u><b>864.9</b></u>	 <u><b>917.9</b></u>	 <u><b>626.6</b></u>

<sup>1</sup>Inspector-Instructor, Active Duty Support

<sup>2</sup>Flight hours

<sup>3</sup>Physicians, dentists, chaplains, nurses



**STATEMENT OF MAJ. GEN. JOHN J. CLOSNER III, USAF, CHIEF, AIR FORCE RESERVE**

Senator INOUE. General Closner.

General CLOSNER. Mr. Chairman, the Air Force Reserve continues to do well with the support of the active duty and certainly, the good foresight and support of this committee. Your emphasis on the proper resourcing of the Reserve component certainly deserves some recognition, and I would like to acknowledge that. It has paid big dividends in the past.

We had some of the first aircraft that went into Sarajevo that had defensive equipment bought with funds appropriated by your committee. This is defensive equipment that allows aircraft to fly in and, if they are shot at by a missile, it will decoy it away.

We have been going into Sarajevo and doing airdrops since July of last year, so we appreciate the safety your support has provided us.

You touched in previous questions to the Guard about how much more can we get out of the Reserve component, and if we are going too far. I would like to mention a couple of things. Because our reservists do have two jobs, they work civilian jobs as well as being members of the Reserve, they spend an awful lot of time away from home.

As was mentioned before, we are primarily in the strategic airlift business. So we are on the road an awful lot in the Air Force Reserve. Many people do not understand or realize that we have a significant number of reservists who do not live near their units. It may be a little different in the Guard, but we have, as a minimum, about one-third of our people who have to commute to their base of training.

Our aircrews are on the road 90 to 130 days a year. Along with this, one-third of the people that have to commute to home station, which equates to about 28,000 of our people. That is close to a million days per year in total, that reservists are away from their families.

I would strongly recommend, sir, that in the 1994 appropriations act, and hopefully to make it permanent, you grant authority to provide the quarters at no charge to reservists. We did this last year. We appreciate your support.

Thank you, sir.

[The statement follows:]

**STATEMENT OF MAJ. GEN. JOHN J. CLOSNER**

Mr. Chairman and members of the committee, thank you for giving me the opportunity to appear before this Subcommittee to share with you the status of the Air Force Reserve and my view on the future challenges we face.

**YEAR IN REVIEW**

1992 was a year of relative peace around the world, but the Air Force Reserve was busier than ever. We flew more than 150,000 hours to all corners of the globe, supporting the national interests of the United States. This translated to one-third of the Air Force's airlift requirements. We did this as a byproduct of our normal training and by relying on volunteers. In every case, we were ready when called, responding immediately with no need for additional training. In fact, during 1992 more than 99 percent of Air Force Reserve units were mission-ready and able to deploy within 72 hours.

In 1992, Air Force Reservists served around the world, just as they are today. At the height of our efforts in Somalia, there were 443 Reservists on active duty; all were volunteers. We flew thousands of tons of relief supplies into Moscow, Mongolia, the Middle East, Sarajevo, and Somalia. In December, Air Force Reserve F-16s became the first Reserve fighters to patrol the no-fly zones over northern Iraq. All the while, we met our Phoenix Oak commitment to fly C-130 shuttle missions between diplomatic posts in Central and South America. Reserve medical personnel and civil engineers traveled to Panama, Honduras, Ecuador and other locations throughout Central and South America to build, improve, or repair schools, clinics, water supplies, and roads.

Closer to home, we fought forest fires in California, rescued people from mountainsides and out of the sea, and worked more than 25,000 man-days in support of our nation's anti-drug efforts. Reservists flew 63 weather missions into 8 storms in the Atlantic and Central Pacific Oceans. When Hurricane Andrew devastated south Florida and parts of Louisiana, Air Force Reserve crews flew 750 sorties, carrying more than 2,600 tons of badly needed supplies. Reservists from the 301st Rescue Squadron were among the first to witness the absolute destruction of the Homestead area and provided the only helicopter rescue capability for several days. Although many unit members lost everything they had to the storm, they volunteered for duty without being called and worked around the clock in primitive conditions to continue their mission. They saved 137 lives during those first hectic days.

This is just the tip of the iceberg because these accomplishments were preceded by countless hours of preparation, maintenance, and training. Every Reserve aircrew was supported by hundreds of other Reservists behind the scenes, taking time from families and civilian jobs to accomplish the mission.

In 1992, the Air Force Reserve provided 20 percent of the Air Force's combat capability with barely 80,000 people.

#### STRENGTHS AND LIABILITIES

Our ability to accomplish a major portion of the overall Air Force mission for a small fraction of the Air Force budget is well known. It has been suggested that more capability should be moved from the active force and placed in the Reserve. The RAND Study points out that the Air Force Reserve is the best organized and most mission-capable of all the reserve forces because the Air Force holds them to the "same readiness standards expected of the active units." Additionally, the Air Force "provides its reserve components with funds, equipment, and full-time personnel that allow for greater training opportunities." The study also suggests that some programs unique to the Air Force Reserve might work well for other reserve forces.

The strength of the Air Force Reserve is people. We depend on our Reservists to get the job done; on their families to support what has become a second full-time job; and on their employers who are committed to allowing their best employees time away from work to answer their nation's call. If we lose the support of any of these groups, we lose our effectiveness.

A unit-assigned Reservist trains at least 39 days a year—remember that our primary mission is training and war readiness. Lately, we have been more involved in humanitarian, peacemaking, and peacekeeping work. Our peacetime operations tempo is at an all-time high. When we add up the actual number of days Reservists averaged in 1992, we find that they often worked two or three times their basic requirement.

#### VOLUNTEERISM

Volunteerism in the Air Force Reserve runs high. During the opening days of Operation Desert Shield, 15,000 Reservists volunteered for 5,000 jobs. This sense of patriotism and professionalism provides a greater degree of response to almost any contingency by bridging the gap between immediate need and our capability to respond. However, the spirit of volunteerism has a limit and we must be careful not to run the well dry. Last year, Reservists gave the Air Force an average 80 days a year—twice as many days as they are required to do. Reserve aircrews served from 100 to 175 days. With our higher peacetime operations tempo, some airlift pilots who would normally log 25 hours a month are being waived to fly as many as 150 hours a month.

These higher demands will eventually take a toll on our recruiting and retention efforts. Pressures from families and employers will eventually have an effect, and we will lose good people. Replacing Reservists with experienced people will become more difficult as the pool of trained personnel leaving active duty dries up. If we have to recruit a larger number of non-prior service personnel to meet our manning requirements, our costs will likely increase.

#### FAMILY SUPPORT PROGRAM

The Air Force Reserve recognizes the direct link between a Reservist's morale and readiness and the well-being of his or her family. Operation Desert Storm demonstrated the need for a structured Family Support Program. Unlike active duty families, Reserve families are scattered and often lack the same sense of community. The Air Force Reserve's Family Support Program helps families adapt to the unique demands of Reserve life.

Our program places full-time civilian directors on all AFRES bases. They assist commanders in responding to family concerns through education; information, referral counseling and follow-up; family program policy, planning, and coordination; and leadership consultation. In addition to full-time directors, designated Reservists are assigned at each unit as family support specialists. On bases with active duty family support centers, a Reserve family support liaison assists in day-to-day operation of the center.

#### EMPLOYER SUPPORT PROGRAM

Employer understanding and support of the Air Force Reserve is absolutely vital to our success—without it we cannot hope to maintain a quality force.

The Air Force held its first Employer Feedback Meeting in 1992. We invited leading employers from around the country to meet in a working session at Robins AFB. Thirty-six participants from industry, health services, transportation, and government organizations took part. We exchanged information and ideas on mobilization issues that surfaced during Operation Desert Storm. The employers gave us excellent feedback and left the meeting more enthusiastic about the Air Force Reserve than ever. We found that employers want to support their Reservists, but need a full understanding of what is expected of them. In return, they told us what we can do to help them plan for future contingencies. A follow-up meeting is scheduled for September 1993.

#### NATION BUILDING

During 1992, Air Force Reservists worked with the people of Honduras, Ecuador, Trinidad, and other Central and South American countries, building and repairing schools, medical facilities, and roads. They also provided health and dental care, dug wells, and improved communication networks. While working quietly "with" the people rather than "for" the people, Reservists provided needed humanitarian assistance and developed grassroots goodwill. At the same time, aircrews, civil engineering, logistics and medical units trained for their wartime missions.

Reserve nation-building efforts also benefit the United States' anti-drug program. Each positive event in a rural village reduces the influence of local drug lords. As in any guerrilla war, raising the local quality of life increases hope and makes working for drug rings less attractive.

#### COUNTERDRUG ACTIVITIES

Air Force Reserve support of the National Drug Control Program is second only to maintaining combat readiness. We have been involved in this effort since 1991. In 1992, the Air Force Reserve flew 962.7 hours and used more than 25,000 man-days to support counterdrug operations. Law enforcement requested our helicopters for marijuana eradication, for travel to and from suspected drug activity locations, and to transport prisoners from remote areas. We used our aircraft's airborne sensor capabilities to detect illegal drug activities and airlifted law enforcement teams and prisoners within CONUS. Air Force Reserve civil engineers constructed an aircraft hangar in the Bahamas for use by drug law enforcement teams; the Air Force Reserve Band regularly presented drug awareness and prevention programs to middle school and high school students in an effort to reduce the demand for drugs. Reservists were involved in listening post and observation post operations, intelligence analysis, language translation, and technical training of law enforcement agencies. We provided materiel storage and temporary housing for the witness protection program at some Reserve installations.

The Air Force Reserve strongly supports civil law enforcement agencies and will continue to participate in these activities to the full extent allowed by law and the budget.

## FORCE STRUCTURE

## AIR FORCE RESERVE ASSOCIATE PROGRAM

We are especially proud of the Air Force Reserve's associate unit program. It is both cost and mission effective. Supplementing the active force with Reservists who fly and maintain active duty aircraft continues to benefit the Air Force and our nation. The recent RAND Force Mix Study documented its success and praised its utility during Operations Desert Shield and Desert Storm. There are currently nine Air Mobility Command (AMC) associate C-141, C-5, and KC-10 wings/groups, and one Air Combat Command associate KC-10 group located around the country. A C-17 associate squadron is scheduled for Charleston AFB, South Carolina. As we grapple with a shrinking budget and force structure, the associate program continues to be a cost effective and viable force multiplier. Future growth into other associate missions look promising. Several missions such as tankers, strategic airlift, airborne command and control, conventional strategic bombing, communications and space operations are particularly well suited for associate units.

However, the fighter associate option presented by the RAND Study needs additional thought. I question the RAND assessment that the active component could draw down to seven fighter wing equivalents, shift mission responsibility to the reserve components, and suffer little degradation in combat readiness. However, the technology behind modern fighter aircraft works against their being readily reconstitutable from storage, and the skills necessary to fly, fight, and win in today's environment take years to acquire. While we can perform any Air Force mission, the cost effectiveness of some may be greatly reduced if we require extensive training to carry it out. Wartime planning must also consider Reserve capabilities and plan for their use early—something planners have been reluctant to do. If we give active force missions entirely to the Reserve and require these missions early in a contingency, then our leaders must also be committed to an early use of Reserve forces and act accordingly.

## COMMAND AND CONTROL

The Air Force Reserve's high state of readiness and capability results from Reservists leading Reservists. Because no one understands our unique blend of skills and needs better than we do, our leadership structure is manned almost entirely by Reservists. Active duty gaining commands establish our operational readiness standards, periodically inspect us, and validate our ability to meet these readiness levels. Reservists manage day-to-day activities to maintain unit continuity and to conduct training programs.

## AIR FORCE RESERVE SPACE OPERATIONS

The Air Force Reserve recently activated its first space unit. The 7th Space Operations Squadron (Associate) is located at Falcon AFB, Colorado, and augments the 1st Space Operations Squadron. Operation Desert Storm surfaced the need for additional manning in satellite operations squadrons in order to meet wartime demands for military satellite support. Because Reserve personnel operate active force equipment, this associate unit provides the needed wartime surge capability at minimal cost.

## IMPACTS OF BASE CLOSURES

Air Force Reserve units figure heavily in the most recent base closure and realignment actions. If base closure actions require the Air Force Reserve to assume base operational support requirements for entire bases or cantonment areas at closed bases, we must also receive funding equal to this additional responsibility. Maintaining airfields and real estate while providing services and utilities for what amounts to a small town is no mean feat.

Air Force Reserve units are most effective when located near the large urban areas where our Reservists typically work. Moving a unit from a base close to a population center to an isolated location severely reduces our ability to recruit the skilled people we need.

## MANPOWER REQUIREMENTS

The Air Force Reserve routinely operates with the minimum number of personnel required to accomplish our mission. As the active force draws down, new missions are being transferred to the Reserve. Adding new missions without adding the necessary manpower creates an untenable situation, forcing the Air Force Reserve to

take already limited resources from existing programs—to fund the manning requirements of new missions.

#### NEW MISSIONS IN THE AIR FORCE RESERVE

The changing roles and missions and evolution of the active force will lead to changes in the Reserve. A number of new missions are being considered for the Air Force Reserve. While we are able to assume any mission given us, the Reserve may not always be the best, most cost-effective vehicle for some. The quality process demands that we consider our customer and whether a course of action results in value-added. The Air Force Reserve Executive Group and key members of the Reserve's air staff matched our strengths and weaknesses against possible new missions. Most important to our assessment was the identification of our core competencies. They represent the things we do better than others and are excellent candidates for inclusion as criteria upon which to judge future roles and missions.

Our core competencies are:

*Cost effectiveness.*—The Air Force Reserve provides combat ready forces at the lowest cost per person of all Air Force components.

*Command, management, and leadership structure.*—The Air Force Reserve provides the best and most responsive reserve air force in the world by skillfully blending part-time Reservists with full-time technicians to give us a combat-ready capability that is deployable worldwide within 72 hours.

*Associate unit program.*—This unique Air Force Reserve program provides a cost effective avenue for maintaining combat readiness by having separate Reserve and active units share a single set of equipment, allowing the aircraft to be operated at their maximum capacity at lower manpower costs.

*Individual mobilization augmentee program.*—The Air Force Reserve provides trained Reservists to active duty units to augment unit manning during wartime surges. IMA's train with their units during peacetime and are able to immediately assume wartime taskings.

*Reservist program.*—Reservists are the strength of the Air Force Reserve. Our goal is to continue to attract quality people and to maintain combat readiness without losing sight of the unique needs and potential of the men and women who make the Air Force Reserve work.

These core competencies helped us develop extensive, broad-based criteria to more objectively assess future missions. The criteria also include many other factors such as affordability, supportability, environmental impact, demographics, and recruiting.

We can accept new missions and look forward to more involvement in space operations and the planned shift of some of the bomber force to the Reserve. However, we caution that as we assume new, more costly, more manpower-intensive roles in the Total Force, we also must have the money and manpower authorizations with which to carry them out. If the sole reason for giving new missions to the Air Force Reserve is to save money, then these missions must be carefully chosen to ensure there is value added for our customer, the American taxpayer.

#### TOTAL QUALITY

Three years ago, Air Force Reserve leaders realized the need for a radically different management strategy and made a commitment to introduce Total Quality throughout the Air Force Reserve. We began by surveying the various schools of quality management, and taking from them the tenets that best fit our needs. We trained our senior leaders and cascaded the training down through the men and women who turn the wrenches and make the Air Force Reserve work. Results are remarkable. We are still on the road to quality, refining our process and reaping benefits daily. Two recent examples of our application of the quality process involve two units half a continent apart.

As part of their quality training, the 301st Rescue Squadron, Homestead AFB, Florida, determined that they needed a way to contact their personnel if a natural disaster knocked out all communications capability. Their quality training led them to a detailed post disaster recall plan, which they energized immediately following Hurricane Andrew. In spite of the complete devastation of the area, the unit was able to account for all its personnel within a matter of hours, and began 24-hour operations at a time when no other airborne rescue capability was available.

At the 419th Fighter Wing at Hill AFB, Utah, a process action team revamped a complex F-16 maintenance process, cutting time by 50 percent and increasing reliability to 100 percent. This application of the quality process will save \$16,000 annually at this unit alone.

Our commitment to support a quality culture in the Air Force Reserve will result in an Air Force Reserve better able to meet its commitment to Global Reach and Global Power for America.

#### APPROPRIATIONS

In 1993, we reduced unit flying hours. We also reduced other unit budgets, headquarters manning, and our travel schedules to the bare minimum. While every part of the Air Force faces similar challenges, ours is particularly difficult. Over 90 percent of our O&M appropriation finances flying programs and pay for our full-time support personnel, leaving very little discretionary funding.

Air Force Reserve appropriations fund operating expenses, personnel pay for civilians (including Air Reserve Technicians) and military members, and facility construction. Table I depicts our fiscal year 1992 actuals, current estimate for fiscal year 1993 and fiscal year 1994 budget request:

TABLE I—TOTAL PROGRAM AMOUNTS BY APPROPRIATION, FISCAL YEARS 1992 TO 1994

(In millions of dollars)

	Fiscal year—		
	1992	1993	1994
Reserve personnel, AF (RP, AF) <sup>1</sup> .....	721.6	737.8	772.7
O&M, USAFR .....	1154.7	1224.1	1,354.6
MilCon, USAFR .....	9.7	29.9	55.7
Reserve equipment, USAFR .....	362.0	124.8	.....
<b>Total .....</b>	<b>2,248.0</b>	<b>2,116.6</b>	<b>2,183.0</b>

<sup>1</sup> Fiscal year 1993 includes \$8,800,000 for Hurricane Andrew supplemental.

The Reserve Personnel, Air Force (RP, AF) appropriation finances training programs that provide trained units and individuals required to augment the active force. In addition to minimum training requirements, additional training is provided for a number of select members to acquire and maintain skill level proficiency and to accomplish mission assignments. We provide personnel called to active duty for administration and management of the Air Force Reserve, and recruiting for Air Force Reserve programs. Funds also support the military personnel costs of students enrolled in the Senior and Junior Air Force Reserve Officer's Training Corps (ROTC) and F. Edward Hebert Armed Forces Health Profession Scholarship and Financial Assistance Grant Programs.

The fiscal year 1994 request of \$772.7 million includes price growth of \$9.4 million and real program growth of \$34.3 million. The increase supports our new bomber and Space Command and Transportation missions; a restructure of education training during each phase of a reservist's career; 80 additional Junior ROTC detachments; and programmed conversions involving C-141B, C-17, KC-135R and C-130 aircraft.

The fiscal year 1994 end strength request is 81,500 which is 800 below the authorized fiscal year 1993 level of 82,300.

The Operation and Maintenance Air Force Reserve (O&M, USAFR) appropriation finances the day-to-day operating expenses of Reserve units and supports the primary mission of the Air Force Reserve, which is to develop, train, and maintain combat ready units and individuals required to augment the active forces during wartime and other contingencies. The major portion of this appropriation is for "must pay" requirements such as pay for civilian personnel and military technicians and aviation fuel and supplies that support the approved flying hour program. We also finance depot-level equipment maintenance from this appropriation. The depot maintenance program enhances the serviceability of our aircraft and engines at a fraction of their original acquisition cost. Overall, the O&M appropriation has financed the accomplishment of our primary mission while sustaining and improving our combat readiness.

The \$1,354.6 million budget request for fiscal year 1994 supports price increases of \$82.3 million and a growth in program of \$15.4 million and a functional transfer of \$32.8 million for real property maintenance. The funds were previously moved to military construction but have been returned to O&M. Other growth is due to the conversion from smaller and lighter F-16s and A-10s to heavier KC-135 and bomb-

er missions and the transfer of C-141 aircraft to the Air Force Reserve. Also, the gain of MH-60G helicopters from special operations causes a significant increase in O&M since these costs were previously funded by O&M, Defense Agencies.

The Military Construction, Air Force Reserve (MilCon, USAFR) appropriation provides for acquisition, design, construction, expansion, rehabilitation and conversion of facilities for the operation, training, and administration of the Air Force Reserve. The fiscal year 1994 budget request of \$55.7 million consists of 16 projects in 12 states and \$3.9 million for unspecified minor construction. This MilCon budget request represents a very modest investment in the renewal, replacement, and revitalization—of our physical plant, valued in excess of \$3.2 billion.

Appropriation actions in fiscal year 1992 and 1993 made the most effective use of previously appropriated funds from canceled prior year projects. We will use \$11.1 million from canceled Air Force Reserve fiscal year 1990 and 1991 projects to partially fund our fiscal year 1992 budget request of \$20.8 million, and \$11.48 million from other canceled fiscal year 1989, 1990, and 1991 projects to partially finance fiscal year 1993 projects. In the interest of the taxpayer, these actions allowed us to use previously appropriated funds from canceled projects to address urgent facility construction requirements. These appropriation actions have used all available prior year funds—our budget request for fiscal year 1994 and 1995 cannot be reduced through similar actions.

#### RESERVE REQUIREMENTS/WEAPON SYSTEMS UPGRADES

It has been 10 years since the Air Force Reserve received its first "0350" funding. During this time, we used 99 percent of the funds to improve our combat capability. Congressional support allowed us to take the lead in several important programs—airlift defensive systems and the F-16 220E Engine Upgrade are very timely examples. Reserve-pioneered airlift defensive systems provided the right equipment at the right time. American airlift crews depend on this capability every day in hotspots around the world.

As our operations tempo increases with the changing world situation, our equipment is being worked to the limits of its endurance. Operational requirements and safety demand that we keep our aircraft in the best condition possible. This requires sufficient funds to cover spare parts and maintenance, and the airframe and engine modifications necessary to keep pace with changing requirements. The Air Force Reserve has the first operational F-16 unit equipped with the 220E engine upgrade. Our safety and maintenance records with these engines prove this was a wise choice.

We also produced and fielded a "Mega Data Transfer Cartridge" for our F-16s. This device uses readily available "off-the-shelf" technology to provide a digital terrain mapping system, and growth potential for training and electronic warfare applications. We are working to find an additional low cost flare/chaff capability for our F-16s, and are testing an Integrated Electronic Warfare System. These modifications alone will substantially improve combat capability and survivability by reducing pilot workload.

I am very proud of our efforts in training devices and simulation. Today's technology allows us to build exceptional realism into simulation, offering substantial savings and a level of safety new to us. The Air Force Reserve's F-16 Multi-Task Trainer is a low-cost F-16 Operational Flight Trainer equivalent and is an excellent example of the state of the art. For less than \$1 million per unit, it offers a self-contained, high fidelity environment of exceptional realism. I want to thank you for your support in getting a C-5A simulator for Westover AFB, Massachusetts. It is a success in its own right. We are now examining the possibility of using it for additional training events. On the basis of our experience with our C-5A simulator, we are exploring the use of C-5 and C-141 simulators at several locations.

We continue to explore training devices as a way to make the Reservists' limited training time as productive and meaningful as possible. Our security police have fielded a "firearms training simulator," which negates most of the environmental concerns associated with a live firing range.

Advances in computer technology allowed us to insert capabilities into our aircraft for a relatively low cost while greatly increasing their survivability and combat capability. We will start installing receiver/processors in our ALQ-131 Block II electronic countermeasures pods in June 1993. When the installation is complete, we will have 44 upgraded pods for our fighters. We are also examining options for conducting night combat.

The new world order places high demands on our C-141 fleet. As the fleet approaches 30 years average age, the airplanes suffer from structural cracks, flight restrictions, and decreasing capability. I am concerned that our C-141s may not be

able to meet the ever increasing demands for airlift. To maintain a viable airlift capability, the C-141 transports must be either repaired or replaced. The C-17 is a viable answer to our airlift dilemma. Your support of this weapons system is essential for Global Reach requirements.

The cost of modifying Reserve weapons systems is substantial. For example, the cost to install a modification package including a radar altimeter, satellite communications, and digital flight recorder on 100 of our C-130s is more than \$3.3 million. It will cost \$17.9 million to install modifications to the main landing gear of our C-5As, and another \$17.4 million for C-5A malfunction analysis data and reporting systems (MADARS) modifications that are crucial for integrating approved airlift defensive systems. Reserve C-141s require \$2.8 million to install minor modifications for satellite communications, strobe lights, and secure high frequency AN/ARC-190 radios to replace current unreliable and unsupportable equipment. Modifications to the wing boxes of the C-141 fleet to extend its service life in lieu of buying a new airlifter will cost at least \$2.4 million per aircraft. Installation of these modifications is essential if the Air Force Reserve is to maintain an acceptable state of combat readiness.

Another issue that will impact us is the move to two levels of maintenance. The Air Force currently has three levels of maintenance: organizational, intermediate, and depot. The two-level maintenance plan eliminates the intermediate level. Previously, component repair was accomplished at intermediate level. This requirement will shift to the depot. I fully support the concept of two levels of maintenance, especially in light of the significant improvements in Mean Time Between Failure (MTBF) rates for avionics and other components. However, the Reserve operates older aircraft which, without modifications, will not achieve the MTBFs on which two-level maintenance is used. We need a balanced approach. Our aircraft components should be upgraded to realize the potential of increasing MTBFs as we transition to two level maintenance. This ensures an orderly transition without adverse impact on readiness.

Our aging AC-130A gunships, some of which are nearly 40 years old, continue to present logistical challenges. I strongly support the Air Force's efforts to field the AC-130U gunship to replace its AC-130Hs. The Air Force Reserve is programmed to get the H-models as replacements for our AC-130As.

Deployed active duty flying units are supported by a deployable communications element, either a wing initial communication package or mobility initial communications kit. There was no equivalent capability in the Reserve. In the past year, Air Force Reserve communications units were re-missioned to include direct support for individual Reserve flying units. We call this organic communications. This was accomplished without changes in Reserve manpower. Unfortunately, we are not able to equip these units comparably to active duty units. To be fully combat capable, they need portable UHF/SHF satellite capability and additional portable radios.

## AIR FORCE RESERVE PERSONNEL ISSUES

### MONTGOMERY GI BILL

The Reserve Montgomery GI Bill continues to be a valuable recruiting tool for the Air Force Reserve. Currently, more than 18,000 Air Force Reservists have participated in this program. I want to thank Congress for its support of this and other benefits and entitlements.

### EDUCATION AND TRAINING

We are taking important steps to parallel active force professional development policies while still considering the unique circumstances surrounding a career in the Reserve. Not only must a Reservist be able to attain his or her goals and aspirations, but we must also mold these Reservists into the leaders of the 21st century.

With this in mind, we opened many professional military education (PME) course opportunities to Reservists, and we developed a quality-based selection process to put the right people in the right development courses. In an environment of tightening budgets, we are particularly sensitive to getting the most from limited resources.

I am very encouraged to see the addition of computer-aided simulation and instruction to many non-resident curriculums. I strongly support simulation initiatives because they offer very realistic training at an affordable price.

### UNDERGRADUATE PILOT TRAINING FOR RESERVISTS

A reduced active force means an increased reliance on the Air Force Reserve. A smaller active force also means there will be fewer prior-service pilots available to



fill Reserve cockpits. Hiring experienced pilots who leave active duty allows the Air Force Reserve to maintain a higher level of combat readiness at a lower cost than the active force.

However, the pool of available pilots will soon dry up. Our studies show that even if we could recruit all of the separating active duty pilots (we typically get about 40 percent), we would still fall short of our requirements. Our only recourse is to accept pilots directly from Undergraduate Pilot Training (UPT).

Pilots fresh from UPT help us fill our cockpits, maintain a stable force, and fill vacancies at geographically remote units that often have difficulty recruiting prior active duty pilots. Training young pilots at UPT helps keep the overall age and rank structure of pilot force down, enables us to hire more minorities, and provides a recruiting incentive that helps cement strong community relations.

#### TENURE AND RETENTION

Force management issues continue to dominate our military personnel program. The enlisted high year tenure program and our new tenure and assignment policy for line lieutenant colonels are service-specific programs to provide a fluid career path for our people. These policies improve age and physical fitness levels to better meet our mobilization requirements.

Both tools were crafted to ensure they affect only Reservists who will meet all requirements for receipt of retired pay at age 60. Additional protective measures were included for Reservists employed as Air Reserve Technicians (ARTS) to ensure they are not separated prior to attaining eligibility for a full civil service retirement annuity. These policies help the Air Force Reserve improve promotion opportunities and avoid grade stagnation. They also enhance our ability to offer opportunities to prior Service personnel separating from the active components.

#### AIR FORCE RESERVE RECRUITING

Part of the cost-effectiveness enjoyed by the Air Force Reserve is a product of recruiting fully trained prior service personnel. As the active duty draws down to base force levels, we face a shrinking pool of available prior service personnel. To meet our future manpower requirements, we will be recruiting non prior service personnel. Demographics show this pool of 18-25 year olds is also shrinking. The most recent Youth Attitude Tracking survey shows a decline in interest in military service among this group. Continued incentives such as enlistment bonuses and education benefits are essential if we are to continue to recruit a quality force. Your support in funding these programs is appreciated.

We experienced an 8.3 percent reduction in recruiters in fiscal year 1991 and another 2.3 percent reduction in fiscal year 1992.

A network of health professions (HP) recruiting regions became operational in October 1992. This regionally-oriented network places HP recruiters geographically closer to their customers and vital health care markets. HP recruiters were carefully screened from the recruiting ranks and are receiving intensive training in recruiting healthcare professionals. An effective national HP recruiting program allows us to be flexible in meeting ongoing and future medical manning needs and helps preserve the quality of officers being recruited.

#### AIR RESERVE TECHNICIAN PROGRAM

The successful accomplishment of the Air Force Reserve mission comes in large part from our full-time support program. About 25,000 Air Reserve Technicians (ARTs), federal civilian employees, statutory tour personnel, and active duty personnel ensure daily mission requirements are met and coordinate training for traditional Reservists.

About 10,000 Air Reserve Technicians are the critical link at the unit level; they provide essential continuity in organizations that are fully manned for only two days a month. ARTS work in dual status as Reservists and federal civil service employees. Nearly all senior leaders in the Air Force Reserve are ARTs.

The 1991 RAND report on Manning Full-time Positions in Support of the Selected Reserve found that the Air Force Reserve program is well managed and is ready and able to perform mission tasks. This is the result of two things: careful management of our full-time support program and the solid support it receives from Congress.

## STATUTORY TOUR PROGRAMS

Title 10 of the U.S. Code provides for a limited number of 4-year active duty tours for officers and enlisted members of the Air Force Reserve. The number of these full-time positions actually funded, and therefore filled, has not kept pace with demand. Requirements for statutory tour officers and airmen are increasing as the active Air Force draws down. At the same time, there is a reduction in our full-time active duty end strength, against which these statutory tours count. The shortfall between increased requirements and reduced end strengths translates into a disproportionate number of unfunded, and unfilled, authorizations. Not filling these positions severely limits expanded contribution by the Air Force Reserve capabilities to our customer, the active component.

Active end strength continues to decline as new requirements steadily increase. We will soon reach a point of diminishing returns and will find our manpower base stretched too thin to properly address the workload. Air Force Reservists on active duty tours of controlled length offer exceptional value by providing expertise and experience in much the same way as temporary professionals help staff American businesses. Employers are well aware of the fiscal benefits of such an arrangement. Reservists on statutory tour typically work full-time for 4 years then return to a Reserve unit to continue their service.

## OVERVIEW OF MEDICAL PROGRAMS IN THE AIR FORCE RESERVE

The Air Force Reserve has experienced a significant net loss of physicians since Operation Desert Storm, although the scope of the problem was not evident until fiscal year 1992. The number of physicians leaving the Reserve is greater than normal, but the problem is more related to difficulty in recruiting new physicians. This is in spite of our best efforts to reorganize the medical recruiting program and the use of medical recruiters to work with medical officer candidates. We are developing additional, more flexible programs that we believe will attract busy clinicians to the Reserve. We actively use the test bonus program provided by Congress and find it to be vital to our recruiting efforts.

During the past year, we developed and instituted a system of medical continuation training. This training builds on and sustains basic clinical skills, and is intended to benefit Reservists who do not work in health care settings in their civilian jobs.

Of the many lessons from Operation Desert Storm, we learned that standard medical unit configurations should be adjusted for regional conflicts. Many units previously tasked for a war in Europe are being converted to more flexible response packages. We also plan to reduce the number of aeromedical evacuation crews and provide much-needed strengthening of aeromedical evacuation ground support.

## AIR FORCE RESERVE AS A COMPONENT OF THE TOTAL FORCE

Congress defined the Air Force of the United States in the Authorization Act of 1949. It was to consist of the Regular Air Force, the Air National Guard of the United States, the Air National Guard while in the service of the United States, and the Air Force Reserve. Today, Regular, Air National Guard and Reserve forces operate the same equipment and train to the same standard, each equally capable of accomplishing a given mission. The Total Force Policy of 1973 calls for drawing trained and equipped forces from the three components to meet the operational requirements of gaining commands. Air Reserve Component participation in every contingency since the Korean Conflict proves this triad to be a sound concept. In today's environment of rapid and decisive response to locations anywhere on the globe, it is a given that the United States cannot effectively project Global Power without Air Force support. Likewise, the Air Force cannot provide Global Reach or Global Power without the Air Force Reserve.

We are not a force to be held in reserve, we are an integral and essential part of the national defense. Air Force Reserve combat and support units, and the individual mobilization augmentees who support active duty units, are available within 72 hours of recall, and need no additional training prior to deployment. This is our standard and an important reason the Air Force Reserve is not only an excellent value for the American taxpayer, but an essential and affordable part of our national defense structure.

## CONCLUSION

In summary, the combat readiness and war fighting capability of the Air Force Reserve ensure a vital Total Force. Modernization and readiness training continue

to be our primary focus as we strive to maximize our ability to defend this nation during a time of reduced defense spending.

We take pride in the many accomplishments of our Reservists in 1992. We owe a special vote of thanks to their families and employers, because without their support, the absences from home and office, attendance at frequent training activities, and continuous availability would be impossible.

Finally, your continuing support to Reservists is essential, reassuring, and gratifying. It promotes a quality force dedicated to protecting our ultimate customer, the American taxpayer.

This concludes my prepared statement, Mr Chairman. I am ready to respond to your questions.

#### BOTTOM-UP REVIEW

Senator INOUE. I thank you all very much.

I would like to ask the same question that I asked the Guard. In this bottom-up review, are you satisfied that you are able to make significant input? Do they call upon you?

General SANDLER. Yes, sir; I will lead off, Senator Inouye. My staff works directly with the Army because we rarely have to go above that level in our dealings with the Defense Department, of course. So my staff has been working diligently with the Army team on the bottom-up review.

So I feel that we have got a strong part to play in that review.

Admiral HALL. We in the Navy have also been working with the Navy staff. We have provided information and staffing when required, so I am well satisfied that we have been connected throughout this process.

General OSTER. Sir, the same is true for Marine Corps Reserve, and at the same time they have been working with Mr. Laughlin and his folks to ensure that they understand our requirements and are supportive of them.

General CLOSNER. Sir, the same for the Air Force Reserve. Our functional managers are primarily the ones responding to questions during the bottom-up review. We have had adequate input into the process.

Senator INOUE. General Closner, you testified that some of your personnel may have to be on active duty for about one-third of the year—one-fourth of the year. Do you find recruiting difficult?

General CLOSNER. No, sir; we are not having much difficulty in recruiting at this time. We have a little bit easier problem, I think, than the Air National Guard in that we are located at demographically suitable areas—good areas for recruiting and retention. Not that I am taking exception with the Air National Guard, but they are not always in large demographic areas.

We have not seen a problem in high-demand specialties like aircrews. The point I would make is that we are starting to draw so heavily upon aircrews for peacetime operations that it could become an irritant and a problem, not only with spouses but also with our employers.

But the specific answer to your question is, "No," we are having no problem in recruiting. And I have not seen much of a significant problem in retention at this point, either.

Senator INOUE. Thank you.

## ARMY RESERVE RECRUITMENT

In my last question to the Guard, I spoke of the survey that the Army has been conducting, the propensity to enlist review, and the fact that the Army, in the last go-round, had to recruit over 6 percent category 4's. Are you having the same type of problems, General Sandler?

General SANDLER. Sir, the recruiting goals for the Army Reserve have been met. In fact, the Recruiting Command has put the Army Reserve at about 102 percent of its target for this point for the year. Now, while it is true that for first-termers, what we call the nonprior-service people, we are at about 98 percent, as opposed to the 100 percent of the objective. However, we are well over in the prior-service personnel.

But your statement regarding the propensity to enlist is absolutely true. That information had been garnered by the advertising agency that represents the Army and did the surveys. The propensity to enlist in the Army, as a whole, is indeed lower than it has been for quite some time. Nevertheless, our recruiting objectives have been met in the Army Reserve.

We did have a slight dip, where we accepted some category 4 personnel in one month—in the month of March. And we indicated to the Recruiting Command that that was not acceptable to us because strengthening was on a down slope anyway in the Army Reserve. Consequently, there was no need for us to accept the lowest mental category for incoming personnel. Therefore, they have now turned that around and I think we are going to finish the year quite well.

Senator INOUE. Admiral, and problems in your shop?

## NAVY RESERVE RECRUITMENT GOALS

Admiral HALL. We are at about 98 percent. In past years, we have had no problem achieving our goals. For the first 3 to 4 months of this year, we were below our goals. Last month, we achieved those. I do not anticipate any problem by the end of the year. We are taking no category 4 groups at all. We are above our goals in high school graduates. We are above our goals in minorities. We are currently, in females, a higher percentage than in the Active force.

So we continue to recruit very aggressively, and although we saw a dip earlier in the year, I expect that we will achieve our goal by the end of the year.

Senator INOUE. General Oster.

## MARINE CORPS RESERVE RECRUITMENT GOALS

General OSTER. Sir, as you know, in the Marine Corps, we have total force recruiting, the same recruiters who recruit for the Active force and recruit for the Reserve. And we have been making our quotas this year, with 96 percent tier 1 in mental group 3 and above. I do have the Marine Corps survey data.

From January 1992 to March 1993, the propensity to consider the Marine Corps stayed the same, but interestingly, it dropped almost 5 points by August 1992, and bounced back. We think the

bounce back for the Marine Corps has been related to the publicity about Operation Restore Hope in Somalia.

But DOD-wide, from our survey, those who would not consider service in any of the military branches has gone from 32 percent in January 1992 to 40 percent by March 1993. So there has been a significant shift in the propensity to consider military service as an option.

#### READINESS

Senator INOUE. Readiness is obviously a major concern to all of us here. In one of the questions I asked the Guard, I believe the Army responded that 186 units were ready at this moment. What is the picture with the Reserves?

General SANDLER. Sir, we now have 171 units that have been identified as high-priority or contingency force pool units. They now are not all ready to deploy. We are now, of course, doing some planning in anticipation that something might happen in the event we are called up for Bosnia or elsewhere. While the actual numbers are classified, we have enough units at this point to handle those particular contingencies.

Senator INOUE. What is the picture with the Navy?

Admiral HALL. We have traditionally maintained our units at the high state of readiness. But I think with the amount and availability of resources that we see now and in the future, we are reexamining that. We have readiness codes R-1 through R-4, which correspond to C-1 through C-4 in the Active forces. Traditionally, 70 to 75 percent of our units have been R-1 and R-2 together.

But we are reexamining that in light of the new world order, whether we need to maintain and apply the resources for that many units in that high readiness. But we are ready to respond now if called upon.

Senator INOUE. General Oster?

General OSTER. All the Marine units in the Marine Reserve Force are augmentation and reinforcing units. As I indicated in my opening remarks, Mr. Chairman, they train to the same combat standards and are evaluated against the same combat standards as the Active force.

The past 1½ years we have had greater opportunity to train at unit level and have had very great success in our program. Given the funding levels that we have right at this time, our Reserves are as ready as they have ever been. We look optimistically to the future at sustaining those funding levels to maintain the training.

Right now, our retention is the highest it has been and we attribute that to the fact that we have been able to give realistic, unit-level training, with a solid mission for each of our units, and that is causing the Marines to stay in the Reserve program.

General CLOSNER. Mr. Chairman, the Air Force Reserve has always been a team player and has always received good equipment and support from our Active counterpart. We maintained a high state of readiness because we are doing a very important job that is recognized. Our combat readiness is as high as it has ever been in the past.

I will say, though, that there are some clouds on the horizon. Not everything is rosey. As we demand more from our employers who

are supporting the high peacetime op tempo of the Reserve, we may have gone about as far as we can with the airlift business coming into the Reserve forces.

We have some challenges in recruiting, but they are restricted mainly to the medical field—primarily physicians. If there is any one area that will be a challenge for us in the future it will be in the medical specialties. Some incentives, perhaps loss of income insurance for a doctor with his own practice or a family-owned business would be appropriate. Additionally, maybe some medical loan repayments would be appropriate.

And then I must be very frank with you. As I go around the country, even though we have a glut of applicants right now because of the drawdown of the Active force, I hear more and more questions about what is on the horizon. Primarily, what will be the effect of the lifting of the ban on gays. There are a lot of questions about this in my force.

Senator INOUE. There is no question, uncertainty is a major concern to one and all. Speaking of uncertainty, we know what the fiscal year 1994 budget request looks like, and we have some idea of what to anticipate in fiscal year 1995 and 1996.

Do you believe you will be able to maintain the present level of readiness with the 1994 budget, and possibly with the 1995? The 1994 is, in many ways, the budget request that we anticipated the Bush administration would submit. What do you think?

#### ARMY RESERVE READINESS LEVELS

General SANDLER. We have pretty well funded the whole "Personnel" account in the Army Reserve with the exception of funding for schooling. Some additional money is needed for training the Individual Ready Reserve to keep their levels of proficiency at a level where they can be relied upon in the event of mobilization which would require their services. That amount the Army Reserve needs is about \$31 million today for us to get well in that "Personnel" account. In addition, we need a little extra money in the "Operations and maintenance" account that was not fully funded by the budget to handle the increased end strength that we are currently carrying and that we are anticipating to carry into 1994. That is about a \$40 million deficit in our ability to maintain our readiness levels as you suggested.

So, our funds are going to be very tight in 1994, particularly in the "Operations and maintenance" account. Furthermore, we also have some shortfalls in the "Personnel" account as well, sir.

Senator INOUE. Is it at a very dangerous level?

General SANDLER. No, sir; I would not say it is dangerous. What we are doing—I keep mentioning the contingency force pool is taking resources from lower priority units and shifting them forward into earlier deploying units to make them well and make those zero to 30-day units ready to go.

And so in the case of those critical units that are needed in the early days, we will be able to perform our mission. However, we would need additional resources in the event we get beyond those 30- to 45-day units to bring them up to the Army standard.

Senator INOUE. It sounds rather similar to some of the stories I have heard from the Air Force on the necessity to cannibalize.

General SANDLER. That is essentially what we are going to do. We are cannibalizing people and particularly, full-time support. As I mentioned, we have been decremented severely in that area and we are going to have to even take scarce full-time support resources and put them against requirements in the contingency force pool units to make sure that they are ready. We will also have to take dollars that would be normally spread a little more evenly and use them unevenly in the higher priority units.

Senator INOUE. In other words, to carry out your mission you are saying you need more.

General SANDLER. Yes, sir.

Senator INOUE. And the Navy?

#### NAVY RESERVE READINESS LEVEL

Admiral HALL. We are adequately funded under the President's budget to accomplish our mission. As I indicated, in the area of readiness, in light of the new world order, it might not be necessary to maintain the high state of readiness for all of our units. So, we are looking at the units that need higher readiness and we are resourcing them accordingly, and other units that might not have to maintain a higher state of readiness, money can be taken.

So, we are examining that mix. Within the full-time support we are maintaining about our same percentage, 17 percent of our force. Overall, our Naval Reserve is maintaining its percentage of the overall Navy at about 18.5, so I think it is a balanced and resourced program.

Senator INOUE. General?

#### MARINE CORPS RESERVE READINESS LEVEL

General OSTER. Sir, as you know the Commandant has looked at this whole issue from several different ways. The first is we have done a very careful study of our structure in relation to the base force, and the Commandant has testified that we believe in order to meet the requirements of the warfighting CINCS, to maintain the forward presence requirements, and also to take care of the welfare of our Marines and maintain the readiness and retention, that we really need about 177,000 Active force and a Reserve of around 42,000.

The base force takes us quite a bit below that and we are working that particular issue. Specifically for this year, with regard to the funding of the force, Marine Reserve numbers that are there, we were sustained at 42,315 by the committees last year, but the original ramp to the base force going to 36,900 continued. The result is there will be a significantly higher end strength cost just associated with that reduction, and that was not funded.

So, we have chosen to fund the end strength, but the readiness drivers such as schools, Individual Ready Reserve mobilization, and short tours to support exercises in using active duty for special work are underfunded in our budget by about \$21 million.

#### AIR FORCE RESERVE READINESS LEVEL

General CLOSNER. Mr. Chairman, the Air Force Reserve is doing well this year and next year we should do fairly well. We face a

drawdown of about 800 people. We are not going to kick these people out when we come to the end of the fiscal year. So we may have some challenges in cutbacks as far as our funding next year.

I think the real key is that as the Active force depends more on the Air Force Reserve, there will be more and more demands to convert our peacetime training dollars into production.

I am not arguing with the fact that we need to do everything in a production mode that we can, but certainly with more demands on us, more money in the "Operations" account might lessen the burden. But we are adequately funded for 1994 at this time.

#### PURCHASE OF AIRCRAFT

Senator INOUE. Last year, the Congress added funds to the "Guard and Reserve" account to purchase several different kinds of aircraft such as C-12, C-20, C-23, C-26, C-212, and the P-180. Now, DOD has proposed to reprogram the funds that have been set aside for these aircraft.

Do you have any thoughts? These were purchases initiated by Members of Congress. It did not come from the budget, as you know, but they came from Reserve units and Guard units.

General SANDLER. I will hand that over to the DOD guy. [Laughter.]

Mr. LAUGHLIN. Mr. Chairman, the operational support aircraft study which was also requested is, as I understand it, due for completion in August. And the charge on the Department is that they will not procure any of the operational support aircraft until 60 days after the study has been submitted to the Congress.

I believe that the position of the Comptroller and the people who prepared that reprogramming was that after the study was completed, if those aircraft requirements were validated, that they could be requested in the subsequent year, and they were trying to find the money for Operation Restore Hope. That is all I know.

Senator INOUE. Well, I thought I would bring this up because some of the aircraft were requested by Congressman Murtha, Senator Stevens, Senator Nunn, Senator Dole, Congressman Wilson, and Senator Byrd.

General SANDLER. Mr. Chairman, in the Army Reserve we had been given the authority to procure some 15 C-12 aircraft for our TOE units. We do not have any just straight administrative or operational support-type, fixed-wing aircraft. Therefore, we were somewhat disappointed, of course, that they were going to put on hold.

But we understand that first three C-12's—they were in two different packages—probably will be delivered because they were not encumbered by the study. But the 12 additional aircraft are presently on hold because of the study, and we will just have to wait and see. Nevertheless, our TOE units certainly do have a need for those aircraft at such time as we can find the money and OSD does release the purchase on them.

Senator INOUE. Do the others have any comments?

Admiral HALL. The ones you mentioned, the C-20's, of course, we are proceeding with our plans. When the purchase of those four occur, two of those go to Hawaii and two to the east coast to meet the Atlantic and Pacific needs. Those will be C20-G's, 26-passenger



aircraft, and we look forward to continuing our plans to locate those C-20's out of that list. Those are the ones involved in the Navy.

Senator INOUE. I have just been advised that the C-20's are the ones that are set aside for Marines. The one you mention, Admiral, I think is for 2 years ago.

Admiral HALL. That is right. Those are not the ones involved with the Navy. The ones I mentioned are the four C20-G's that are the Navy ones.

[The information follows:]

Mr. Chairman, the Marine Corps' fiscal year 1993 C-20 funding is being held in abeyance pending the conclusion of the DOD study on Operational Support Aircraft. The Marine Corps has documented and identified a valid requirement for operational support aircraft. Our desire is to replace our aging fleet of T-39 aircraft, which will reach the limit of their operational service life by the end of 1994. We will proceed with our aircraft modernization plans upon approval and relinquishment of the funds by the Office of the Secretary of Defense.

Senator INOUE. General Closner?

General CLOSNER. We have no operational support aircraft in that package. We have C-130's. The OSD Comptroller is supposed to release the funds for those this month.

#### WOMEN IN COMBAT

Senator INOUE. One of the big items on the front pages has been women in combat. Secretary Aspin has issued a directive. Are the Reserves taking steps to implement the Secretary's direction?

General SANDLER. Sir, the Army Reserve is primarily combat support and combat service support. We have a significant number of women in our organizations. So, that edict really does not have a large impact on the Army Reserve.

So, whatever the Army decides to do—and I know we are now planning on soon putting women in Apache's for example—I can support it. And I do have a couple of Apache battalions.

But almost all the rest of our organizations are such that we have already commonly taken women into them, and they do a very fine job.

Senator INOUE. And the Navy?

Admiral HALL. We are working with our Chief of Naval Personnel in the Naval Reserve to implement women in combat units. We are being very aggressive about it. We are very excited about doing that. In the aviation area, we have identified our bank of aviators, female aviators, we have about 28. We are looking for opportunities to affiliate them.

And, in fact, as of this hearing we are in the process of affiliating our first female Naval aviator with one of our maritime patrol squadrons. We are looking for the same opportunities within our ships. So, I would characterize that we are moving out in a very aggressive fashion within the Naval Reserve to implement these policies.

Senator INOUE. General Oster?

General OSTER. Sir, the Commandant put a message out the day after the policy change indicating that we are looking forward to our first woman applicant. As you know, the Marine Corps has no women Marine pilots at this particular time, and since the Reserve

gets all of our pilots after they have spent at least 3 to 5 years on active duty, it may be some time before we have a woman Marine pilot in our Reserve. But we are aggressively implementing the policy along the Commandant's guidelines, sir.

Senator INOUE. General Closner?

General CLOSNER. Sir, the Air Force Reserve is implementing the same policy as the Air Force. We find that the retention rate of our women has been higher than it has been with their male counterparts, so we expect not only a good recruiting but high retention once we get women into combat aircraft.

Senator INOUE. Gentlemen, I have a lot of questions I would like to submit to you for your consideration and response. I would like to thank all of the witnesses for spending time with us to help us understand the concerns of the Reserve component.

#### ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

#### SUBCOMMITTEE RECESS

Senator INOUE. The subcommittee will stand in recess until tomorrow morning, 10 a.m., in this room. At that time we will receive testimony from the Honorable John Deutch, Under Secretary of Defense for Acquisition, on the subject of tactical aircraft programs.

Thank you very much.

[Whereupon, at 12:13 p.m., Tuesday, May 11, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, May 12.]

# DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1994

WEDNESDAY, MAY 12, 1993

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10:03 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Bumpers, Stevens, Specter, Domenici, Nickles, and Bond.

## DEPARTMENT OF DEFENSE

### TACTICAL AVIATION

#### OPENING STATEMENT OF SENATOR INOUE

Senator INOUE. One of the most controversial and important investment concerns facing the Department of Defense this year is tactical aviation. Tactical aviation fighters and attack aircraft will be critical to our ability to protect our forces in the future and project military power, if need be.

In the past 5 years, several changes have been in TACAIR programs. First, Congress canceled the A-6F, then DOD canceled its F-14 and F-15 production programs. This was followed by the cancellation of the Navy's A-12 attack aircraft. The Navy also pulled out of the advanced tactical fighter program. Today only two production programs remain, the Navy's F/A-18 and the Air Force's F-16. Each is produced at less than one-half the annual rate produced during the eighties.

For the past few years, we seriously considered that the future for TACAIR involved the FX medium-attack aircraft for the Navy and the F-22 advanced tactical fighter for the Air Force. The upgraded F/A-18 E/F was planned as a Navy gap filler and a multirole fighter as a future replacement for the Air Force F-16, with a new short takeoff aircraft, an unlikely prospect. All of these programs have their supporters and each has a stated requirement. We now understand that the priorities for each may be changing.

Last year this committee took the lead in questioning the overall affordability of all of these programs. To gain greater management attention to this concern, the committee combined the funding for the F/A/FX, F/A-18, F-22, and the Army helicopters into one appropriation account and recommended that the Secretary of De-

fense review the affordability and requirements of his tactical aircraft plans.

The Congress ultimately promised and agreed to restore funds for each individual program, but allocated only 65 percent of the total funds provided until DOD reviewed its TACAIR programs and reexamined the affordability. DOD submitted the required report expeditiously but did not offer concrete recommendations. We have been advised that DOD is currently reviewing the overall affordability of its TACAIR programs in its so-called bottom-up review. The review is not complete, but details are beginning to be known about its direction.

In our hearing this morning, we will review the current Defense budget plan for TACAIR and discuss several alternatives of that plan. To help us in the review, the committee will receive testimony from Senator Feinstein from California on the F/A-18 program, from Mr. Robert Hale, the Assistant Director for National Security of the Congressional Budget Office, and John Deutch, the Under Secretary of Defense for Acquisition.

Mr. Hale will provide an assessment of the overall affordability of the current Defense plan and offer alternatives which seek to lower costs. Mr. Deutch will discuss the Defense Department's current recommendations and, perhaps, can respond to the alternative proposed by Mr. Hale. We also expect Mr. Deutch to address Army helicopter modernization programs.

Recent press reports indicate that the Department of Defense may be leaning toward canceling the F/A/FX program and the initiation of a new joint attack fighter, the so-called JAF, which would presumably replace the Air Force's F-16's and provide a modest attack aircraft for the Navy.

I must say that the cancellation of the A/FX sounds as if the Navy might be foregoing the deep-strike mission, one of the key components of power projection from aircraft carriers. If that were to happen, one must question the long-term cost effectiveness of the large-deck carriers and our naval strategy.

These and other questions are issues we hope to discuss during this morning's session. We will begin the hearing with Senator Feinstein, but before we do may I call upon my colleague, Senator Bond.

Senator BOND. Well, thank you very much, Mr. Chairman. Certainly, this is a very important hearing. Tactical aviation is of great personal interest to me and my State and we have worked very closely with this committee in the past on these vitally important issues to our national security.

I have to admit that the news coming out of the Pentagon over the past few weeks has been both intriguing and alarming. It is encouraging to see that our critical aviation programs are receiving attention at the highest level of the Pentagon, and I remain hopeful that we will see a reasonable, workable, and affordable program brought forward this year.

At the same time, I am concerned that each day brings some more news of a new tactical aircraft. Maybe that is not all bad. It shows that folks over there in the Pentagon are at least thinking about these issues. But I remain concerned that in the scramble to cut budgets and eliminate programs, we could make a mistake that

will not only damage our tactical aircraft forces—the backbone of our Nation's power projection, but will also harm our aerospace industrial base, which is critical not only to our national security, but to our economic security as well.

I am very gratified that our distinguished colleague from California is before us today. I have read her prepared statement, which is an excellent one. I certainly concur that the E/F is a critical program for the Navy and we must go forward with the F/A-18 E/F if we are to have capable naval airpower as we enter the 21st century.

As I mentioned earlier, and as the chairman and the members of this subcommittee know, I have been fighting for that program since I have been on the Appropriations Committee. And the members of this committee have had to listen to me plead its case more times than they would like, I am sure.

So I am very pleased, Senator Feinstein, that you are joining us in this battle. We really need support because it is a worthy cause. And certainly if you listen to the pilots who flew the 18 in Desert Storm, you know how important that airplane has been and how important the E/F can be in the future.

With regard to the overall tactical aviation plan, I would love to be able to support all the programs. I would like to see our Air Force pilots flying state-of-the-art F-22's and our naval aviators the A/FX. It would be good for national security and certainly would be good for the defense industry, which is critical to States like California, Missouri, and many others.

Unfortunately, the decision just is not going to be that easy. We face challenges other than defense and we have to deal with the greatest challenge of balancing our budget and eliminating our deficit. Thus, we have to make some choices, some very difficult choices, and some tough calls. We need to look at ways to make our TACAIR dollar go farther and we need to ensure that we address the most pressing needs first.

In my mind, that means we first must address the looming crisis in naval aviation by first deploying the F/A-18 E/F and then working on a replacement for the A-6. It also means, in my judgment, that we have to take a hard look at the F-22. This is a wonderful airplane, but it is a single-mission aircraft designed to counter a threat that many people believe is way out in the future and not defined.

So, Mr. Chairman, I sincerely appreciate the opportunity to share my comments and I join you in looking forward to the testimony of our colleague from California and the other very important testimony to be before us today.

Senator INOUE. Thank you very much, Senator. I think your statement is right on target. This is a very crucial time; this is decision time. I think all of us should realize that whatever decision we make will not be temporary in nature. It will have some permanence. The industrial base will be affected very deeply. The future of TACAIR will be determined by the decisions we make. So sensing the complexity of this problem, I can assure you that we will give this matter our most serious consideration. As long as you are around, I know that the 18's are going to be right up on the top of the agenda.

Senator BOND. Thank you, Senator.

Senator INOUE. So with that, it is my great pleasure to call upon Senator Feinstein.

**STATEMENT OF HON. DIANNE FEINSTEIN, U.S. SENATOR FROM CALIFORNIA**

Senator FEINSTEIN. Thank you very much, Mr. Chairman, Senator Bond. I was heartened by both of your words. I appear here today as the Senator from California, a member of the overall Appropriations Committee, to give my very full support to full funding for the F/A-18 E/F.

I believe it is a twofer. I think it is must do and I think it is win-win. You are considering the defense arsenal in essentially a post-cold war world, and after reviewing the F-18 E/F carefully, I believe that the plane is the right plane for the future and it is the most cost-effective investment we can make.

The F-18 E/F is the Navy's highest priority and for good reason. Though the plane is commonly referred to as just the F-18, the initials F/A indicate the aircraft has both fighter and attack capabilities. It permits an upgrade program which will result in a new and improved F-18 with many advantages over the earlier A/B and C/D versions.

Improvements include a 30-percent increase in payload; a longer range, on average, depending on the mission; a 50-percent increase; more weapons stations; flexibility of ordnance, it can carry 17,000 pounds of stores, and every significant improved weapons system, including air-ground and ground-air missiles. It has greater stealthiness; it is less detectable on radar. And it has enhanced survivability; it can sustain damage and still return home safely.

The F/A-18 E/F will clearly be able to meet the Navy's needs well into the 21st century. In fact, the Navy estimates that with the aircraft's growth capacity, the F/A-18 could be in service until the year 2030.

Additionally, the E/F is not a high-risk program. The design is not new. Versions of the plane already exist and have been in service around the world since 1980. The F-18 has been in combat and has been combat tested. During Operation Desert Storm, the aircraft flew bombing missions, participated in fleet defense, and supplied close air support for coalition forces. One F-18 squadron commander yesterday told me that his kill ratio during Desert Storm exceeded 80 percent.

In addition to the aircraft's superb military capabilities, the F/A-18 E/F also makes fiscal sense. The cost of the E/F upgrade is substantially less than any of the other proposed Navy tactical aircraft. It just seems to make sense to upgrade an existing program that has already delivered over 1,000 similar aircraft without significant delays or cost overruns, rather than invest in a "paper" plane that is not yet tested or combat ready. At tens of millions of dollars less per aircraft, the F/A-18 E/F is a better buy in today's tight budget climate.

Finally, the F/A-18 program is also very important to my home State of California. More than 40 percent of the aircraft is manufactured and assembled in California. Over 900 subcontractors, ranging from very large ones to small design and component firms,

work on the F-18. With defense downsizing hitting California hard, the more than 12,000 direct, high-quality aerospace jobs that this program will create are extremely important to the economy of my State, where 1½ million people are unemployed today. The total employment in California as a result of this program could exceed 30,000 people.

Mr. Chairman, I firmly believe that the F/A-18 E/F is the right aircraft at the right time. It has superb military capabilities. Its multimission, flexibility of ordnance, improved survivability, its growth potential, its improved stealthiness, all make it a must do and a win-win for the Nation and for the State of California.

I would like to thank you very much for the opportunity to testify before your committee, Mr. Chairman.

Senator INOUE. Senator Feinstein, I do not think any of the proponents of this aircraft can add anything to your testimony. If DOD is smart, they will just stay silent from now on. But I thank you very much.

Senator FEINSTEIN. Thank you very much.

Senator INOUE. Senator Bond.

Senator BOND. No further questions. I commend our colleague for an excellent statement on the F-18.

Senator FEINSTEIN. Thank you very much.

Senator INOUE. Thank you.

Now may I call upon Mr. Hale.

**STATEMENT OF ROBERT HALE, ASSISTANT DIRECTOR, NATIONAL SECURITY DIVISION, CONGRESSIONAL BUDGET OFFICE  
ACCOMPANIED BY MS. LANE PIERROT, CONGRESSIONAL BUDGET OFFICE**

Mr. HALE. Thank you. I appreciate the opportunity to testify today regarding fighter attack aircraft in the Navy and Air Force. With me is Ms. Lane Pierrot who prepared our testimony and I would like to submit for the record, if I may, a CBO staff memorandum that details our analysis.

Senator INOUE. Without objection it will be made part of the record.

Mr. HALE. The Congressional Budget Office's [CBO's] analysis, Mr. Chairman, suggests two major conclusions. First, plans for fighter and attack aircraft appear more affordable today than they have in the past, mostly because of changes in other programs. But for a variety of reasons I will discuss, it is too soon to conclude that affordability problems are entirely behind us.

And second, among the options for fighter and attack aircraft that the Department of Defense is apparently considering, the one that most closely reflects service priorities would result in some short-term reductions in cost, but would not significantly reduce costs in the long term. And it would leave the Navy without a medium-range attack aircraft incorporating the most advanced stealth characteristics.

If this particular option becomes part of DOD's proposal, the Congress may wish to consider alternatives, and I will talk about some later in my testimony.

Let me turn to the analysis that supports these conclusions. My testimony today focuses on several aircraft. You can see them listed

on the board over here to my left. They include, of course, the Air Force's F-22, the E/F version of the Navy's F/A-18, the Navy's AFX aircraft, and the Air Force's multirole fighter.

#### NEW AND MODIFIED AIRCRAFT

New aircraft	Mission	Older aircraft that new plane will replace	New plane <sup>1</sup>
F-22 .....	Fighter .....	F-15 .....	1997.
F/A-18E/F	Multirole .....	Earlier models of the F/A-18, interim replacement for the A-6 and some F-14's.	1997.
A/FX .....	Medium attack .....	A-6, F-15E, F-111 .....	2007.
MRF .....	Multirole .....	F-16 .....	2010.
JAF .....	Multirole/medium attack ...	F-16, A-6 .....	Not applicable.

<sup>1</sup>When new plane enters production under the base case.

And as you mentioned, Mr. Chairman, there's a new entry in the derby: the joint attack fighter, or JAF, which we added after our board was composed. The services have proposed developing the JAF instead of the AFX and the multirole fighter and I will talk more about the JAF later in connection with alternatives.

The Clinton administration's detailed plans for these aircraft and for other defense forces are not going to be available at least until later this year. But the 1994 budget asks for \$4 billion to develop these planes and I think that raises an important question. If we spend the money to develop the planes, are we going to have the money to buy them?

To address this important issue of long-term affordability, CBO made some base-case assumptions about plans for the planes. The assumptions are based on statements made earlier this year by the services about their plans. So they are a starting point, if you will, for assessing the alternatives.

Our base-case assumptions presume that the first four planes listed on my board are bought, and that they are bought at rates similar to those envisioned last year. Compared with last year's plans, however, procurement for two of those planes, the AFX and the multirole fighter, do begin later.

If the Navy and Air Force buy all of these planes, we estimate that the two services can meet their numerical needs for aircraft through the year 2015. We picked that distant year because by then the planes that you are discussing today will have been bought in substantial numbers.

Also, in reaching conclusions about fulfilling needs, we assume that by 2015 the Air Force will reduce its size to 21 tactical fighter wings while the Navy will retain 13 wings.

If the Air Force and the Navy are to meet numerical needs, though, they will need to keep planes in their fleets much longer than they have in the past. The Navy has the more severe aging problem and it affects its fleet sooner.

Fortunately, while the service fleets are going to get a good deal older under this base case, they are still likely to remain substantially more capable than the fighter and attack fleets in most of the

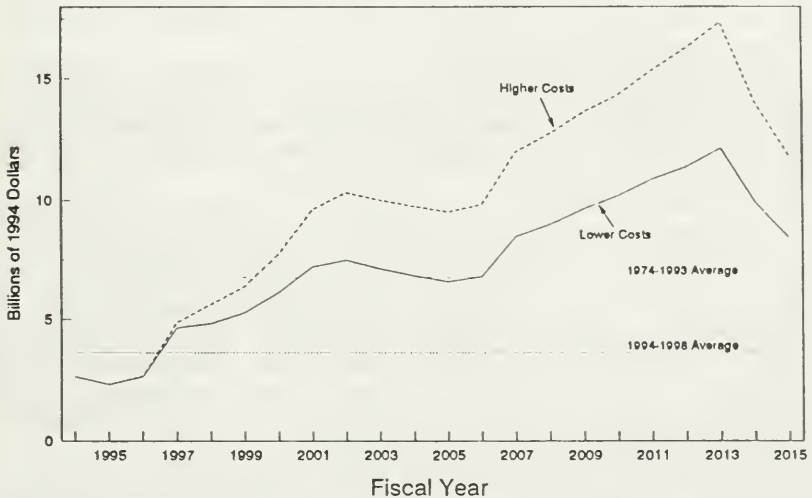


regional powers that could threaten U.S. security. The CBO staff memorandum that I submitted for the record goes into much more detail on these important issues of aging and capability.

#### TACTICAL AIRCRAFT AFFORDABILITY

Let me focus here on the question of whether the United States can afford all of these aircraft. I will begin to address that question by estimating procurement costs during the next decade, when the planes are being bought in large numbers. And I will discuss our results with respect to this board.

Projected Procurement Funding for Air Force and Navy Fighter and Attack Aircraft Compared with Historical Levels



We made two estimates of procurement costs, Mr. Chairman. The first one, the lower estimate, assumes that the services are able to buy the planes at the unit cost they now anticipate, so there is no unexpected cost growth. You can see the results in the blue line labeled "lower costs." Costs will rise substantially toward the end of the next decade as we begin buying all of the aircraft.

Under that lower estimate, in the 2000 to 2015 period, costs average \$8.6 billion a year. In some years they would grow to as much as \$12 billion. I should add that all of these costs are in 1994 dollars and so exclude anticipated inflation.

We also made a higher estimate of costs. If history is a guide, there will be unanticipated cost growth. It is hard to know how much, but we used historical factors to arrive at a higher estimate. That is the line labeled "higher cost." And under that estimate, costs average \$12 billion a year in 2000 to 2015 and sometimes rise to as much as \$17 billion.

Would enough money be available to pay for these costs? The answer is clearly "No" if one accepts the Clinton plans for the defense budget through 1998 and holds it constant thereafter in real terms and gives fighter and attack aircraft their historical share of that funding. Specifically, if the defense budget is cut as President Clin-

ton proposes and fighter and attack aircraft are given their historical percentage, the horizontal line labeled "1974-1993 Average" shows you what you would have. The result would be \$6.7 billion a year—not enough to pay the costs under the lower estimate, and well short of what would be required under the higher estimate of costs.

So, under planned budgets, historical shares will not provide enough money. These programs are not affordable.

They may, however, be affordable if the share of funds devoted to fighter and attack planes could rise well above its historical average. A sharp increase in shares seemed quite unlikely a year ago. At that time all the services, but particularly the Navy, had long-term plans that would have required substantial additional funding. The country also had a plan to deploy an extensive and expensive system of missile defenses.

Now, however, defense plans may be changing in significant ways. Plans for deployment of missile defenses may be scaled back. Perhaps most important, press reports and service statements indicate that the Navy is considering substantial changes in its force and modernization plans.

A new Navy plan may cut the number of ships to, say, 330 or 340—a sharp reduction from the 420 to 450 under the Bush base force. And the Navy has also apparently canceled plans to modernize most of its aircraft other than fighter and attack plans.

As a result, it may be possible to transfer a substantial amount of money from purchases of Navy ships and support aircraft into funding of the fighter and attack planes that are the focus of my testimony. If that happens, the planes that would be procured under this base-case assumption would be much more affordable than they appeared to be a year or so ago.

I think the affordability outlook has clearly brightened, but it is too soon to conclude that affordability is a problem of the past. Since plans are still under discussion, they could change. And there is an increase in defense spending needs for tactical aircraft during the second half of the next decade, which could cause problems.

Perhaps most important, I think it is possible that there will be additional cuts in the overall defense budget beyond those proposed by the Clinton administration. The fiscal program recommended by the new administration would make a substantial contribution to the deficit reduction, but it is not sufficient to solve the long-term deficit problem in this country. And if deficit reduction efforts result in further substantial cuts in defense, affordability problems could return with a vengeance.

#### ALTERNATIVE APPROACHES TO FIGHTER AND ATTACK PROCUREMENT

Let me turn now to alternative approaches to buying fighter and attack planes. Those alternatives might be needed if affordability remains a problem. DOD will also propose an alternative, of course, as part of its bottom-up review.

I will discuss three alternative approaches that I have chosen to illustrate key analytic points. CBO has not tried to look at all the possible options which, as you said, Senator Bond, are multiplying almost daily.

## OPTION 1: FOCUS ON NEAR-TERM PROGRAMS

The first option that I will discuss would focus on buying the planes that are available for procurement soon: the F-22 and the E/F version of the F/A-18. A new aircraft, the joint attack fighter, or JAF, would also be developed under this option, as the services have proposed, and would eventually be bought instead of the AFX and the multirole fighter. You can see a summary on the board of the types of planes that would be bought under option 1.

	Type of planes purchased		Average annual costs or savings (-) under options	
	Air Force	Navy	1994-99	2000-15
	Base Case .....	F-22 .....	F/A-18E/F .....	\$7.6
	MRF .....	A/FX .....		
	A/FX .....			
Option 1:				
Focus on .....	F-22 .....	F/A-18E/F .....	- 1.0	0.1
Near term .....	JAF .....	JAF .....		
Option 2:				
Cancel F-22 .....	MRF .....	F/A-18E/F .....	- 2.3	- 3.0
Program .....	A/FX .....	A/FX .....		
Option 3 .....	F-22 .....	F/A-18C/D .....	- 1.3	- 2.6
Employ silver bullet approach.	MRF, A/FX .....	A/FX .....		

Option 1 may reflect the preferences of the two military services. They have indicated that their highest priorities are the purchase of the F-22 and the F/A-18E/F, and that is exactly the focus of this near-term strategy.

How would this option affect cost? For the sake of simplicity, our analysis of the cost focuses only on our lower estimate—the one that assumes service estimates for unit costs. In contrast with our analysis of long-term affordability, which dealt only with procurement costs, CBO has looked at both procurement and development costs here because both would change.

During the 1994 to 1999 period, DOD's current planning period, savings under option 1 would average about \$1 billion a year, compared with our base case, which, to repeat, is what the services had in mind a few months ago. Those near-term savings stem principally from CBO's assumption that the cost of developing the JAF would be less than the combined cost of developing the AFX and the multirole fighter.

While there are some short-term savings, option 1 would not save money in the longer term. In fact, it would add very slightly to cost, perhaps an average of \$0.1 billion a year between 2000 and 2015. This cost analysis reflects the service estimates for JAF costs and CBO's assumptions that the new JAF would be bought to replace the planned base-case purchases of the AFX and the multirole fighter.

Option 1 not only adds slightly to costs in the long term, it would also leave the Navy without a medium-attack plane having the most advanced stealth characteristics. The new JAF would eventually replace the AFX and become one of the Navy's main medium-attack aircraft, but the JAF must also be a fighter for the Air Force. And that seems to me like trying to combine a Mack truck with a Toyota Tercel; in the process you are going to get less of the truck. In particular, I think that the JAF is likely to have a shorter range than a plane designed primarily for medium attack.

The Navy would also have the F/A-18E/F, which should have considerable range, but the E/F lacks the most advanced stealth technology. In coming years, that kind of technology may be needed to survive threats from enemy surface-to-air missiles.

So option 1 may represent a decision to rely more heavily on land-based aircraft that can carry out relatively long-range bombing missions over well-defended enemy territory. And that decision would limit somewhat the flexibility of U.S. forces.

It is important to bear in mind both the advantages and the disadvantages of option 1 because, again, it is the one that most closely matches the stated priorities of the services.

#### OPTION 2: CANCEL THE F-22 PROGRAM

Let me turn briefly to other approaches that DOD or the Congress might consider. If large savings are to be achieved, especially in the near term, one of the major near-term programs would have to be canceled. Option 2 illustrates the effects of canceling the F-22.

Compared with the base case, savings under option 2 average \$2.3 billion a year in the 1994 to 1999 period, and \$3 billion a year in the long term.

A decision to terminate the F-22 would result in a substantially older fleet of Air Force aircraft, and that is an important point. Option 2 would also leave the Air Force without a fighter that has advanced stealth characteristics. But, despite these drawbacks, it is possible that cancellation of the F-22 may be judged acceptable in a post-cold war period that features substantially lower threats from enemy fighter planes.

#### OPTION 3: EMPLOY A SILVER BULLET STRATEGY

Let me turn to the third and final option that I will discuss—a silver bullet strategy. It buys both of the most capable planes that are now being developed—the F-22 and the AFX—but only in small numbers. In a war, one would presumably use these small fleets to attack the most important and heavily defended targets. The majority of the service fleets under this silver bullet strategy would be equipped with less capable and cheaper planes, including the C/D version of the F/A-18—so this option cancels the E/F program—and perhaps a low-cost multirole fighter for the Air Force.

Under the silver bullet approach, large portions of the service fleets would be equipped with these relatively less capable planes, such as the C/D version of the F/A-18. Clearly this is a disadvantage of the option. Nor would the option significantly arrest the aging of the service fleets.

But a silver bullet approach would result in substantial budgetary savings—\$1.3 billion a year in the 1994 to 1999 period under this particular example, and \$2.6 billion a year in the long term. The silver bullet option would provide the Navy with a small number of medium-attack aircraft having the most advanced stealth characteristics. Therefore, it would preserve greater flexibility in U.S. forces.

Let me conclude, Mr. Chairman, by reiterating my key points. The force plans apparently being considered by the military services, and particularly by the Navy, make it more likely that a substantial purchase of fighter and attack aircraft will be affordable. But long-term budget problems have not been fully resolved. They could certainly return if, for example, there were further budget cuts.

DOD is currently debating options that could affect cost and capability, and option 1 that I have shown you seems to most closely match service priorities. It would result in near-term improvements in capability and near-term reductions in cost. But it would not reduce long-term costs, and that may be when tactical aircraft experience the most significant affordability problems.

If this option is proposed by DOD, the Congress may wish to consider other approaches—perhaps cancellation of a major program or a silver bullet strategy that would reduce long-term costs while providing the Navy with such planes.

That concludes my statement, Mr. Chairman. Ms. Pierrot and I would be glad to answer questions.

[The memorandum follows:]

#### CONGRESSIONAL BUDGET OFFICE STAFF MEMORANDUM

This year the Congress is debating the fate of fighter and attack aircraft in the Air Force and the Navy. Decisions about these planes will significantly affect both the cost and the capability of U.S. military forces. This Congressional Budget Office (CBO) Staff Memorandum addresses the affordability of fighter and attack aircraft under a base case that, where possible, is based on service statements made earlier this year about their plans for these planes. The memorandum also discusses the effects of alternative approaches to equipping the fighter and attack fleets.

The memorandum was prepared for submission as testimony requested by the Defense Subcommittee of the Senate Committee on Appropriations. Robert Hale is scheduled to deliver the testimony on May 12, 1993.

Lane Pierrot prepared the memorandum under the supervision of Robert Hale. Bill Myers performed the cost analyses. Geoff Cohen provided substantial assistance on various parts of the analysis. Michael O'Hanlon and Karen Ann Watkins also provided assistance. Paul L. Houts edited the memorandum, with editorial assistance from Christian Spoor, and Cindy Cleveland prepared it for distribution.

The United States maintains a substantial fleet of fighter and attack aircraft in both the Air Force and the Navy. These planes are designed to engage enemy planes in the air and to attack targets on the ground.

The Clinton Administration will not submit its long-term plan for fighter and attack aircraft, or for other defense forces, until later this year or early next year. Nevertheless, the Administration's 1994 budget request earmarks \$4 billion for developing the four aircraft—the Air Force's F-22, the Navy's F/A-18E/F, the Navy's A/FX, and the Air Force's Multirole Fighter—that are the focus of much of this memorandum.

Will funds be available when these planes are ready to be procured in the late 1990s and beyond? What alternative approaches to purchasing these aircraft might the Congress consider? This memorandum addresses those questions.

#### *Outlook for affordability*

Last year, the Congressional Budget Office (CBO) concluded that, given the plans of the Bush Administration, the four aircraft programs would be affordable only under optimistic assumptions about unit costs and the size of future budgets. Press

reports suggest, however, that the services—and particularly the Navy—are considering sharp reductions in forces and modernization programs. These changes would make the four aircraft programs affordable under more plausible assumptions.

It would be highly premature, however, to say that the issue of cost is a worry of the past. Difficulties may remain depending on final decisions about aircraft programs and other forces, particularly those of the Navy. Reductions in the defense budget beyond those proposed by the Clinton Administration, even if made later this decade, would also darken the outlook for affordability.

#### Options that reduce costs

The Department of Defense (DOD) is currently debating alternatives that could significantly affect both the cost and the capability of fighter and attack planes. This memorandum analyzes a base case that represents apparent service plans from several months ago and three alternatives designed to illustrate approaches that DOD might pursue. (See Summary Table for costs and capabilities of the base case and alternatives.)

Option 1 would focus on buying the F-22 and F/A-18 aircraft. As the services have proposed, this alternative would also develop a new aircraft—the Joint Attack Fighter (JAF)—that would eventually be bought instead of the A/FX and the Multirole Fighter (MRF). This alternative seems most consistent with service preferences, which have accorded highest priority to purchase of the F-22 and the F/A-18E/F.

Option 1 would reduce costs over the next few years, but not long-term costs. Moreover, under Option 1, the Navy would not have a medium-attack aircraft with advanced stealth characteristics. (Stealth characteristics permit aircraft to avoid detection by enemy radars and other sensors.) The United States would therefore depend heavily on land-based aircraft for this capability, which would limit the flexibility of U.S. forces.

SUMMARY TABLE

Alternative	Types of planes purchased—		Average annual costs or savings under options (billions of 1994 dollars)		Average fleet age in 2015 (years)	
	Air Force	Navy			Air Force	Navy
			1994-99	2000-15		
Base case .....	F-22, MRF, A/FX	F/A-18E/F, AFX	<sup>1</sup> 7.6	<sup>1</sup> 10.1	19	14
Option 1: Focus on near term .....	F-22, JAF	F/A-18E/F, JAF	-1.0	0.1	19	14
Option 2: Cancel F-22 program .....	MRF, A/FX	F/A-18E/F, A/FX	-2.3	-3.0	26	14
Option 3: Employ silver bullet approach .....	F-22 (fewer), MRF, A/FX	F/A-18C/D, A/FX (sooner)	-1.3	-2.6	25	13

<sup>1</sup> For the base case, figures represent total costs rather than savings.

NOTE.—Minus signs indicate savings.

Source: Congressional Budget Office.

To achieve large savings, especially in the near term, a major program, such as the Air Force's F-22, would have to be canceled, which is what Option -2 assumes. The result would be a substantially older fleet of Air Force fighter and attack planes that would leave the service without a fighter with advanced stealth characteristics. The absence of this capability may, however, be judged acceptable given reduced security threats, and the greater emphasis on attack rather than fighter missions, associated with the end of the Cold War.

A third approach, the "silver bullet" strategy, buys both of the most capable aircraft—the F-22 and the A/FX—but only in small numbers. The majority of the fleet would be equipped with less capable and cheaper aircraft, including the C/D version of the F/A-18 in the Navy and the Multirole Fighter in the Air Force.

The silver bullet approach garners budgetary savings over the next few years that fall in between those of the other two options. The approach would produce substantial savings over the long term. Substantial portions of the fleet would be equipped with relatively less capable planes under Option 3. But the option would provide the Navy with a small number of medium-attack aircraft that have advanced stealth characteristics, thereby preserving more flexibility in U.S. forces.

## KEY MISSIONS AND TYPES OF AIRCRAFT

Over the next two decades, the Air Force and the Navy may buy four new or modified aircraft to modernize the U.S. fleet—the F-22, the F/A-18E/F, the A/FX, and the MRF. (A fifth possible plane, the JAF, has recently been proposed and is discussed below in the section on alternatives.) Those planes would perform two key missions: Fighter missions—engaging enemy planes in the air; and attack missions—attacking targets on the ground. The mission of attacking ground targets at relatively long distances is termed medium attack.

*F-22 Fighter aircraft*

The first of the four planes the Department of Defense may buy is the Air Force's new F-22 fighter. The F-22 would replace the Air Force's current top-of-the-line fighter, the F-15 (see Table 1). F-22s are designed to have "stealthy" characteristics—that is, to be much less visible than current aircraft to radar and other detectors. They would also fly at high speed without using an afterburner and would offer other improvements. According to current Air Force estimates, each will cost more than \$80 million in today's dollars, making them a high-price item, particularly in a time of shrinking budgets.

Table 1.—NEW AND MODIFIED AIRCRAFT

New aircraft	Mission	Older aircraft that the new plane will replace	When new plane enters production under the base case
F-22 .....	Fighter .....	F-15. ....	1997.
F/A-18E/F .....	Multirole .....	Earlier models of the F/A-18, interim replacement for the A-6 and some F-14's.	1997.
A/FX .....	Medium attack ..	A-6, F-15E, F-111 .....	2007.
MRF .....	Multirole .....	F-16 .....	2010.

Source: Congressional Budget Office.

*F/A-18E/F multirole aircraft*

The F/A-18E/F is a significantly modified version of the Navy's F/A-18 aircraft, a plane that can carry out both the fighter and attack missions. Compared with the current model of the F/A-18, the E/F will be able to fly farther, have higher thrust engines, and be better able to survive in combat.

The new version of the F/A-18 is likely to become a mainstay of the Navy's fleet, providing a replacement for the A-6 aircraft until the A/FX comes on line. It may also supersede some older F/A-18 models, as well as some portion of the F-14 fleet. According to Navy procurement estimates, the E/F version could cost almost \$60 million apiece, an increase of about 40 percent compared with the cost of the current F/A-18.

*A/FX medium-attack aircraft*

The A/FX is an attack aircraft that is expected to have stealthy characteristics and to be capable of carrying large numbers of a variety of weapons over relatively long distances. Although primarily a medium-attack aircraft, the A/FX may also have some capability as a fighter. Last year, the Navy estimated that each A/FX would cost about \$115 million. The Navy has revised these numbers and now estimates that the A/FX will cost about \$90 million each.

*Multirole fighter*

Two years ago, the Air Force announced plans to develop a new multirole fighter. According to the Air Force, no definite plans are available for this plane, which might not be deployed until 2012. At that time, the MRF will replace today's F-16 aircraft and will provide both attack and fighter capability. According to statements last year, the Air Force hoped to hold down the cost of the MRF to no more than \$35 million apiece, which argued for altering an existing plane, though the timing of this program would have made that difficult.

## BASE-CASE ASSUMPTIONS ABOUT MODERNIZATION AND FORCE SIZE

The Clinton Administration's detailed plans for tactical aircraft and other defense forces will not be available until later this year or early next year. In the meantime, the Congress must begin to act on the 1994 defense budget request. That request includes about \$4 billion in funding to develop the four new or modified aircraft described above, two of which may not enter production for more than 10 years. To assess the long-term affordability of these planes, CBO made base-case assumptions about the size of future forces and plans for modernization. Where possible, the assumptions represent statements by the services about their possible plans as of early this year.

At the beginning of 1993, neither DOD nor the services had indicated that they would terminate any of the four programs. Indeed, the 1994 budget provides funding for developing all four, though funding for the most speculative of the programs—the MRF—is quite modest. In its base case, therefore, CBO assumes that the services will eventually buy them all.

The base case also assumes that the planes are purchased at rates similar to those planned last year. For example, procurement rates reach as high as 48 aircraft per year for the F-22, 72 for the F/A-18E/F, and 18 for the A/FX (see Table A-1 in Appendix A for details).

In contrast to last year's plan, the base case does assume significant delays in some programs. For example, the A/FX aircraft would enter production later (2007 compared with 2001 in last year's plan) as would the MRF aircraft (2010 compared with 2002). Table 1 and Table A-1 show CBO's assumptions about timing.

This analysis focuses on procurement costs, but numbers of units are relevant in assessing both capability and the ability of procurement plans in the base case to meet numerical requirements for aircraft. Although no specifics have been proposed, the new Administration has stated that it will reduce the overall size of the U.S. military below the level proposed by the Bush Administration.

Under the base case, therefore, CBO assumes that the Air Force maintains only 21 wings of tactical aircraft compared with the 26 wings envisioned by the Bush Administration. A reduction below the Bush Administration's plan is consistent with service proposals in the 1994 budget request, which reduced the number of wings below the Bush level. Air wings in the Department of the Navy, which were not reduced in the 1994 request, are assumed to remain at 13, the same level planned by the Bush Administration. To be consistent with possible Navy plans, however, CBO does assume that the number of aircraft in each Navy wing will be reduced. (Tables A-2 and A-3 in Appendix A provide more detailed assumptions about the numbers and composition of forces.)

## MEETING NUMERICAL REQUIREMENTS

Under these base-case assumptions, the Air Force and Navy can meet or exceed their numerical needs for aircraft if they are willing to keep aircraft in their fleets for many more years than in the past. CBO bases this conclusion on projections of requirements and inventories through 2015, a period long enough to reflect the effects of the planned purchases of the four aircraft (see Figure 1).

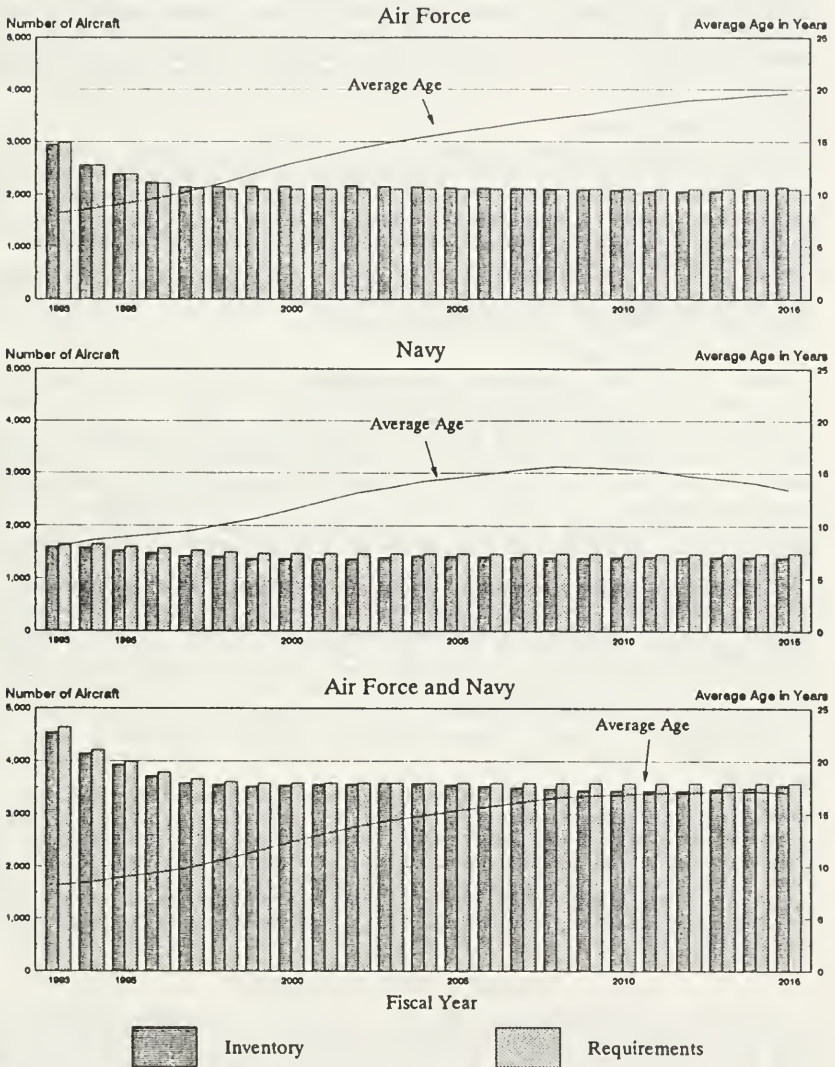
These projections are based on several assumptions about when planes are retired (see Appendix B for a discussion of assumptions about planned service lives and rates of use; Table B-1 contains the assumptions). If the number of aircraft of a particular mission area exceeds requirements, then planes are assumed to be retired before their engineering service lives expire. But if retiring aircraft at the end of their service lives would leave a particular mission area short of its required aircraft, then planes are assumed to be kept in service longer. Shortfalls occur only when no planes are being bought for a particular mission area and peacetime accidents reduce inventories below requirements.

The Air Force fleet of fighter and attack aircraft would get much older in terms of chronological age based on these assumptions. The modest deliveries of new aircraft result in an average age that more than doubles, from about 9 years in 1994 to almost 20 in 2015, despite scheduling early retirement for large numbers of surplus aircraft.

Although chronological age may be useful as a measure of technological obsolescence, flight hours are a better gauge of wear and tear. By that measure, the Air Force is in pretty good shape through the end of the 1990s. During the first half of the decade, however, the Air Force would need to retain about 5 percent of its aircraft beyond their planned service lives measured in terms of flight hours. Percentages retained would rise rapidly toward the end of the period of analysis; by 2015, about 23 percent of Air Force planes would exceed their service lives (see Figure A-1 in Appendix A).



Figure 1. Inventory, Requirements, and Average Age Under Base Case



SOURCE: Congressional Budget Office projections based on Department of Defense, Air Force, and Navy data.

The Navy would experience major problems sooner under the plan in the base case. Navy inventories just meet or fall slightly below requirements. In terms of chronological age, the Navy's fleet would actually age more modestly than that of the Air Force, reaching an average of more than 15 years in 2010, compared with about 9 years today. The age of the Navy's fleet would then decline; by 2015, it would average only about 14 years. However, by the start of the next decade, about 12 percent of the Navy's aircraft would exceed their planned service lives when measured by flight hours. That figure rises to almost 50 percent by 2010, though it declines to almost a third by 2015 as A/FXs and F/A-18s enter the fleet simultaneously.

#### *Older fleets pose problems*

Are aging fleets a problem? Under the base case, aircraft would be retained in the inventories well into their twenties and thirties. In the past, both the Air Force and Navy have expressed concerns about holding aircraft that long. They argue that accumulated stresses on wings and other parts might limit the utility of the aircraft, maintenance costs might rise, and older planes might not be sufficiently capable in the face of enemy threats.

These ages are also outside the range of historical experience. Indeed, average ages under the base case are higher than the services have experienced during the entire history of tactical aviation using jet aircraft.

#### *Older fleets may be acceptable*

However, older fleets may now be more acceptable for a number of reasons. After the breakup of the Soviet Union, other countries are unlikely to develop aircraft that have capability significantly better than today's U.S. planes.

Maintenance problems, which are more closely linked to the number of hours flown than to chronological age, might be avoided if reduced threats to U.S. security permit the services to fly their aircraft for fewer hours each year. For example, reducing annual flying hours for the Navy's fleet by one-third would reduce the number of aircraft that would need to be retained beyond normal retirement age to only about 13 percent of the fleet in 2015, compared with 30 percent at standard operating levels.

Unfortunately, reducing operating levels would shorten the time pilots have to practice, despite the advantages for aircraft inventories. Moreover, reducing pilots' training would also reduce their skills and might lower morale. Yet such reductions might be tolerable if the United States has sufficient warning time before a major war, and thus time to train, or if simulators can be used to reduce training needs.

The Air Force, which has many more planes than it needs in the near term, might also be able to store some of the excess planes and bring them out later when inventories are tight. Of course, storage expenses could add to operating costs. The changes might, however, make an older fleet acceptable and thus reduce procurement costs.

Finally, if the services attempt to hold down the age of their fleets, they will fall short of their requirements. For example, the Air Force could fall short of its aircraft requirements by almost 400 planes—about 20 percent—in 2015 if it retires aircraft when they reach their planned service lives (see Figure A-2 in Appendix A). The Navy would have an even bigger problem. It might meet only two-thirds of its requirements in 2015 if it retired aircraft at the end of their planned service lives. Plus the Navy would begin experiencing large shortages around the middle of the next decade.

### CAPABILITY OF TACTICAL AIRCRAFT

Even as forces get older and smaller, the capability of U.S. tactical aircraft is likely to be overwhelmingly superior to that of some selected regional powers for some time. For example, by the year 2000, U.S. forces would have been reduced to the levels assumed in the base-case plan. Even so, U.S. tactical aircraft would still have about 4 times the capability of the current Chinese forces, more than 15 times the capability of the forces of North Korea and post-war Iraq, and more than 40 times Cuban forces (see Figure A-3 in Appendix A).

U.S. tactical aircraft are also superior, though by much smaller margins, to Russian forces. U.S. forces exceed Russia's capability by about 30 percent. These estimates assume that Russia has all the forces it is allowed under the limits of the Conventional Forces in Europe (CFE) Treaty now in effect. The estimates do not lower the capability of Russian forces to account for any damage done to them now, despite press reports indicating that Russia may not be paying to maintain many of its weapons stocks. Thus, from the U.S. perspective, these estimates represent a worst-case assessment.

The comparisons are based on a scoring method (called the TASCFORM method) that was developed for the Department of Defense by The Analytic Sciences Corporation. The method takes into account both the quantity and quality of weapons. U.S. scores reflect contributions of both Air Force and Navy aircraft but do not assume any contributions from allies. The version of the TASCFORM method used in this analysis does not address important factors that could affect the outcome of a war, including training and logistics support. All such scoring methods ignore specific wartime scenarios, tactics, terrain, and luck. Some of these factors, particularly training, could add to the U.S. advantage.

The overwhelming superiority U.S. forces enjoy does not necessarily mean that the forces in the base-case plan would be too large or too modern. The United States may want overwhelming superiority in order to minimize casualties in a future war. It may also want the capability to fight in one major regional contingency, such as an Operation Desert Storm, while maintaining a reserve of forces to deter war or to fight in other regions.

Moreover, the comparisons in this memorandum are based on the current capability of selected regional powers. If those nations modernize their tactical air forces by buying foreign-made planes, this country may need to respond with a modernization plan of its own to maintain its dominance.

The comparisons do suggest, however, that the United States possesses a substantial margin of superiority in tactical air capability. If it chooses, the country can take time to assess carefully its plan for modernizing tactical air forces.

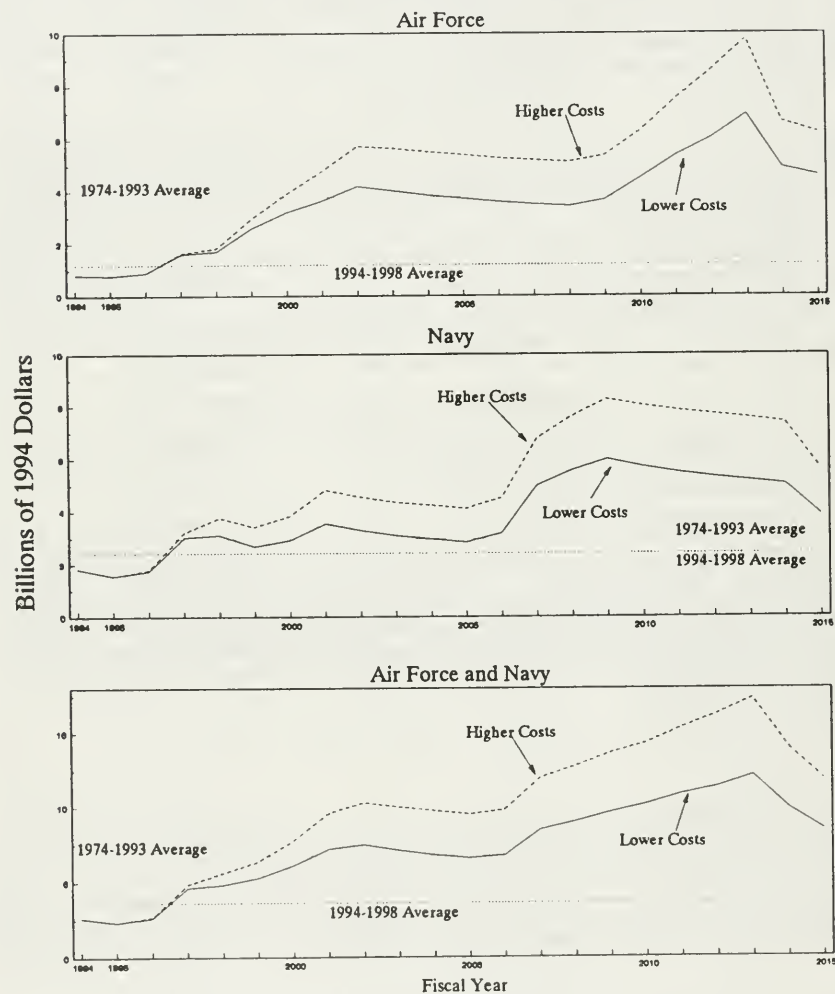
#### HOW AFFORDABLE IS THE BASE-CASE PLAN?

The affordability of the procurement costs associated with the illustrative plan is one factor that must enter that assessment.

##### *Sharp increases in procurement funding*

To assess affordability, CBO made two estimates of the procurement funding required to purchase the aircraft in the base-case plan. The lower estimate generally relies on the services' projections of the unit cost of new aircraft (see Table A-5 in Appendix A). Under this lower estimate, the Air Force and Navy together would require procurement budgets for tactical aircraft averaging \$8.6 billion a year during the 2000-2015 period, the years of CBO's projections (see Figure 2). Average required funding would be about four times the approved funding for 1993. (All costs in this memorandum are in constant 1994 dollars and include only the cost of purchasing major aircraft.)

Figure 2. Projected Procurement Funding for Fighter and Attack Aircraft Compared with Historical Levels



SOURCE: Congressional Budget Office projections based on Department of Defense, Air Force, and Navy data.

At the end of the next decade, procurement funding could balloon to as much as about \$12 billion a year under the lower estimate. This bulge in funding reflects plans to buy all four of these expensive aircraft (F/A-18E/F, F-22, A/FX, and MRF) at the same time.

Moreover, procurement funding could be substantially higher than that under the lower estimate. In the past, unit costs of aircraft have risen from one generation to the next. For example, the first model of the F-15, the A/B model, cost three times more than its predecessor, the F-4. Applying this ratio to the cost of the F-15 suggests that the F-22 could grow in cost to \$115 million, about 40 percent higher than the Air Force estimate. The higher estimate of costs in this memorandum anticipates growth in costs at roughly this rate (see Table A-4 in Appendix A). Growth of this magnitude is also roughly consistent with estimates of historical cost growth from design to production.

Under the higher estimate, procurement funding between 2000 and 2015 would average \$12.1 billion a year, almost six times the 1993 level. Funding in this estimate could rise to more than \$17 billion a year toward the end of the period.

#### *Required funds exceed historical shares*

Would enough money be available to procure these aircraft? The answer is no, if the total defense budget remains at planned levels and aircraft procurement receives its long-term share of that budget.

This analysis assumes that, through 2015, the total defense budget remains constant in real terms at the level now planned by the new Administration for 1998. It also assumes that procurement of tactical aircraft receives the same average share of the total budget as it received between 1974 and 1993. Available funds would then equal \$6.7 billion a year between 2000 and 2015. That amount would be \$1.9 billion a year short of the funding required under the lower estimate, and \$5.4 billion less than required funding under the higher estimate. Shortfalls would be larger in the Navy and smaller in the Air Force (see Figure 2).

Using budgetary shares may be a reasonable first step in assessing affordability. Under the base case, tactical aircraft would require high levels of funding for a sustained period. Budgetary shares calculated over a long period should suggest the feasibility of such funding. Indeed, it may have been this type of analysis that led the Chairman of the Joint Chiefs of Staff to conclude, in his February 1993 report on roles and missions, that the "acquisition plan for major aviation programs would require more resources than might be available."<sup>1</sup>

#### *New plans may improve the outlook for affordability*

The four aircraft programs would be affordable, however, if the share of funds devoted to the programs rose substantially above its average in the 1974-93 period. For example, doubling that share would make enough funds available to finance all the base-case plans even under the higher estimate of costs in this analysis. Changes in defense plans now being considered may make such increases realistic, a departure from the situation just a year or so ago.

In December 1991, when CBO projected funding requirements for all the services, the share for tactical aircraft seemed unlikely to rise significantly.<sup>2</sup> At that time, each of the services had long-term plans that, by the early part of the next decade, would have required increases in funding. Plans in 1991 also called for deploying an extensive system of missile defenses beginning early in the next decade, a program funded outside the budgets of the services.

Defense plans may now be changing in significant ways. The Clinton Administration has indicated that it will scale back its deployment of missile defenses. Funding for that program was cut sharply in 1994 compared with the level proposed by the Bush Administration. Although CBO has not projected Army and Air Force funding requirements under likely plans, those services have also curtailed programs in ways that will reduce their budgetary needs.

Perhaps most important, press reports and service statements indicate that the Navy—which in 1991 had the largest requirement for funding increases among all the services—is considering substantial changes in its force and modernization plans. The Navy is contemplating a cut in its ship fleet of 27 percent, from 450 ships under the Bush Administration's plan of 1991 to about 330 ships. This cutback would delay the need to buy large numbers of expensive ships such as attack submarines and surface combatants until around 2010. In addition, the Navy has ap-

<sup>1</sup>Chairman of the Joint Chiefs of Staff, "Report on Roles, Missions, and Functions of the Armed Forces of the United States" (February 1993).

<sup>2</sup>Congressional Budget Office, "Fiscal Implications of Administration's Proposed Base Force," CBO Staff Memorandum (December 1991).

parently canceled plans to modernize most of the other aircraft it operates, including P-3, S-3, E-2C, and EA-6B aircraft.

CBO's analysis of this possible Navy plan suggests that, if the Navy retains its planned share of the Clinton Administration's budget, substantial funds could be transferred from procurement of Navy ships and supporting aircraft to fighter and attack planes.<sup>3</sup> In terms of funding, the year 2000 would mark the beginning of the "decade of tacair."

With these transfers, the Navy could finance the base-case plans for procuring its fighter and attack aircraft without a budget increase beyond the level expected in 1998. This finding holds through the middle of the next decade, even under the higher-cost case that assumes increases in the unit costs of ships and aircraft above planned levels. Since most of the growth in funding required to pay for the four planes in this memorandum is for Navy aircraft, this result would make the whole package more affordable.

Problems of cost would also be eased if the overall defense budget grows in real terms above the Administration's planned level in 1998. It may be reasonable to assume some growth given the relatively long period of this assessment. CBO's long-term projections assume that U.S. gross domestic product (GDP) will grow by an average of 2 percent or so a year over long periods. If the defense budget maintains the share of GDP planned for 1998, rather than experiencing the decline that would be associated with constant defense budgets, many problems of affordability would vanish or be eased.

#### *Less optimistic assumptions suggest potential problems*

Unfortunately, it is too soon to conclude that affordability is a problem of the past. *Plans remain uncertain.*—The new defense plans that could ease concerns about affordability are still under discussion. Indeed, the Department of Defense is just beginning its "Bottom-Up Review" of military forces and weapon programs. The outcome of that review could be influenced by changes in security threats as well as a reluctance on the part of services to countenance large cuts in forces. If, for example, the Defense Department were to recommend maintaining naval forces near their current level, rather than sharply reducing the size of the fleet, concerns about affordability would remain. The Congress could also alter plans in ways that add to costs.

Changes in plans for weapon systems other than fighter and attack aircraft could also cause problems. For example, the Navy apparently plans not to replace many types of its supporting aircraft, at least not until after 2010. Some of those aircraft—for example, some P-3 and S-3 antisubmarine warfare aircraft—could approach 40 or more years in age toward the end of the next decade. If the Navy decided that those venerable ages were not acceptable, and instituted expensive programs to replace or modernize the aircraft, funding problems would be more severe.

*The funding bulge.*—Even without changes in plans that add to costs, CBO's analysis suggests that a bulge in defense funding needs might develop under the base case beyond 2005. By that time, all four aircraft in this analysis would be in procurement. Even if it reduces the size of its ship fleet, by then the Navy would need to begin buying substantial numbers of submarines and surface combatants, and needs for funds for the Army and Air Force could increase as well. The real levels of defense spending now planned for the late 1990s might not be adequate to fund all of these programs.

The year 2005 is, of course, a long way off. Between now and then, growth in GDP may allow more money to be devoted to defense. Further reductions in security threats may also permit the United States to maintain smaller forces than those now planned.

However, this funding bulge, though far in the future, is largely a result of the four aircraft programs that will be debated in 1994—programs that will consume \$4 billion in 1994 development funds. It may therefore be reasonable to keep this bulge in mind, even though it would not occur for many years.

*An earlier funding bulge.*—Moreover, this funding bulge could arrive sooner if, for example, procurement of the A/FX started earlier. Under base-case plans, the A/FX aircraft would enter procurement in 2007. Measured from the beginning of development of the A-12 aircraft (the A/FX's canceled predecessor), the A/FX development period would span about 20 years, an unprecedented length for a fighter. A/FX procurement might be accelerated if the requirement for a stealthy, medium-attack aircraft were deemed critical. If so, earlier procurement could move up the funding bulge. For example, if the A/FX entered production in 2003 and production reached

<sup>3</sup> Congressional Budget Office, "The Long-Term Costs of Naval Forces," CBO Staff Memorandum (May 1993).

18 aircraft per year by 2005, funding would increase by \$3 billion in 2005 under the higher-cost case.

The funding bulge would be larger still if the Navy decided to increase the planned purchases of F/A-18E/F aircraft in order to offset aging in its forces. Expensive modification programs could also increase costs during the early part of the next decade. The Navy currently plans to modify and extend the life of the Marine Corps' short-range bomber, the AV-8B, at a potential unit cost of about \$35 million. (This figure represents the funding requested in 1994, the first year of procurement for the modification program. As a result of increasing efficiencies related to learning during the production process, average costs of later models may be lower.) Funds for this modification program are not included in the costs of major aircraft procurement, but they might add to that funding.

*Additional budget cuts.*—Problems of affordability could reappear quickly if the defense budget undergoes cuts beyond those already announced by the Clinton Administration. The fiscal program recommended by the new Administration would make a substantial contribution toward reducing the U.S. deficit, but it is not sufficient to solve the long-run deficit problem.<sup>4</sup> An additional package of policy changes aimed at reducing the deficit would be necessary to eliminate the problem. Such a package might include a substantial additional cut in defense spending. Unless such a cut was fully accommodated by additional reductions in forces, the problems of affordability for tactical aircraft and other defense procurement programs could again become severe.

#### ALTERNATIVE APPROACHES TO MODERNIZING TACTICAL AIRCRAFT

If the issue of cost remains, the Congress could examine other strategies to reduce costs. Moreover, even if all four aircraft programs are affordable, the Administration and the Congress must be sure that each one is needed to meet U.S. security requirements. Three alternatives are consistent with differing assumptions about what aircraft are needed and how much funding is likely to be available.

##### *Option 1: Focus on near-term programs*

The first option would not change plans for the F-22 fighter and the F/A-18 E/F, the two aircraft expected to enter procurement in the 1990s. (See Table 2 for a list of the planes bought under the base case and alternatives.) Plans for the other two aircraft, the A/FX and Multirole Fighter, would be restructured to reduce costs.

Specifically, Option 1 assumes that plans for developing and procuring the F/A-18E/F and the fighter version of the F-22 are identical to those in the base case. But a new plane—the Joint Attack Fighter—is assumed to be developed, as the services have proposed, to replace the Navy's carrier-based A/FX and the Air Force's Multirole Fighter. CBO assumes that the Navy and the Air Force would buy the JAF in numbers that match their purchases of the A/FX and the Multirole Fighter (see Table A-5 for more details).

—The services have indicated that the JAF is expected to have a unit “flyaway” cost of between \$40 million and \$45 million. Its unit cost for procurement, including some support costs not in the flyaway figure, is assumed to be about \$60 million.

Option 1 also assumes that the Air Force will develop a variation of the F-22 to meet the medium-attack requirements that, under the base case, were met by Air Force purchases of the A/FX. F-22s for the medium-attack mission are assumed to be purchased on the same schedule as Air Force purchases of the A/FX.

<sup>4</sup>Congressional Budget Office, “An Analysis of the President's February Budgetary Proposals,” CBO Paper (March 1993).

Table 2.—TYPES OF PLANES PURCHASED UNDER BASE CASE AND OPTIONS

	Base case	Options—		
		Focus on near term	Cancel F-22 program	Employ silver bullet approach
<b>Navy:</b>				
Medium attack .....	A/FX .....	JAF .....	A/FX .....	A/FX (sooner).
Multirole .....	F/A-18E/F .....	F/A-18E/F .....	F/A-18E/F .....	F/A-18C/D.
<b>Air Force:</b>				
Fighter .....	F-22 .....	F-22 .....	MRF .....	F-22 (a few).
Multirole .....	MRF .....	JAF .....	MRF .....	MRF.
Medium attack .....	A/FX .....	F-22 (variation) ..	A/FX .....	A/FX.

NOTES.—A/FX is a medium-attack aircraft with advanced stealth characteristics. F/A-18E/F is a multirole plane, an improved version of the F/A-18. F/A-18C/D is the existing version of the F/A-18. F-22 is a fighter aircraft with advanced stealth characteristics. MRF is the Multirole Fighter. JAF is the Joint Attack Fighter.

Source: Congressional Budget Office.

Option 1, with its focus on procuring the F-22 and F/A-18E/F, may reflect the preferences of the two military services. Senior service officials have stated that these two programs enjoy the highest priorities among all programs to modernize aircraft.

*Costs.*—How would Option 1 affect costs? For simplicity, the analysis of the cost of options in this memorandum focuses only on the lower estimate, which relies on service estimates of the unit cost to procure new planes. In contrast to analysis in previous sections, both development and procurement costs are estimated, since each would be altered under the options. Average annual costs are estimated for the 1994-1999 and 2000-2015 periods.

During the 1994-1999 period, savings under Option 1 could be substantial, principally because of reductions in development costs. Total savings during the period might average about \$1.0 billion a year, slightly less than one seventh of the approximately \$7.6 billion that would be required under the base case to develop and procure all four planes (see Table 3). These savings stem primarily from CBO's assumption that development costs for the JAF would be only about two-thirds as much as the combined cost to develop the A/FX and MRF.

Table 3.—AVERAGE ANNUAL SAVINGS AND COSTS UNDER OPTIONS ASSUMING LOWER ESTIMATES

(In billions of dollars)

	1994-99			2000-15		
	Development	Procurement	Total	Development	Procurement	Total
Base case .....	13.9	13.7	17.6	11.5	18.6	110.1
Savings under option						
1—Focus on near						
term .....	-1.0	.....	-1.0	-0.2	0.3	0.1
Option 2: Cancel F-22						
program .....	-1.7	-0.6	-2.3	( <sup>2</sup> )	-3.0	-3.0
Option 3: Employ silver						
bullet approach .....	-0.4	-1.0	-1.3	-0.1	-2.5	-2.6

<sup>1</sup> For base case, figures represent total costs rather than savings.

<sup>2</sup> Less than \$50 million.

NOTE.—Minus signs indicate savings.

Source: Congressional Budget Office.

In the longer term, however, this option would add slightly to costs. Compared with the base case, additional funding for development and procurement during the 2000-2015 period would average \$0.1 billion a year. The JAF is expected to be cheaper than the A/FX, which produces some savings. But 70 percent of the JAFs would substitute for Multirole Fighters, and the JAF is expected to cost substantially more than they do. Moreover, CBO assumed that the medium-attack variation of the F-22 would cost 30 percent more than the basic fighter version. This assump-



tion is consistent with the added costs to procure an attack version of the Air Force's existing F-15. CBO also assumed that the Air Force would incur additional costs to develop the medium-attack version of the F-22, as has been the case with earlier programs.

Option 1 could eventually lead to even higher long-term costs than these estimates. The JAF would not enter procurement for many years. That long delay offers many chances for the JAF program to be split again, perhaps back into programs similar to the A/FX and the Multirole Fighter. Thus, the taxpayer could eventually end up paying for two programs rather than one.

*Capability.*—By one measure of capability, the age of aircraft, there is no change from the base case under this option. Although the kinds of aircraft change under this option, the number and timing of planned buys remain the same as in the base case. The age of the Air Force and Navy fleets would therefore be the same under this option and the base case (see Table A-6 in Appendix A for details).

Option 1, however, would leave the Navy without a stealthy, medium-attack aircraft—that is, a plane that could fly relatively long-range bombing missions over hostile territory with a high chance of surviving enemy defenses. The F/A-18E/F could not perform this mission, in part because it lacks the most advanced stealth technology. The JAF, which would replace both the A/FX and Multirole Fighter, would probably have to be relatively small and agile in order to carry out the fighter mission. Yet aircraft that fly long distances and carry substantial payloads are typically large. So the JAF might have ranges that are substantially shorter than the A/FX, and perhaps shorter than the F/A-18E/F.

The absence of a capable medium-attack plane may be consistent with the Navy's current decision about its roles and missions. The Navy has recently placed increased emphasis on assisting the Marine Corps in amphibious operations, which generally take place close to shore.

Moreover, by 1999, the Navy intends to retire all of its A-6 aircraft, the plane that currently carries out the medium-attack mission. Under the base case, procurement of the A/FX, which would replace the A-6, does not begin until 2007. Hence, the Navy would be without a capable medium-range bomber for most of the next decade. The Air Force would presumably pick up this mission using aircraft such as the F-111, F-15E, and F-117, and eventually the medium-attack variation of the F-22. The service could also use bombers such as the B-1, B-2, or B-52. If the United States can rely on the Air Force to carry out the medium-attack mission for a decade, it may be able to rely on that service permanently.

Nonetheless, replacing the A/FX with a JAF involves important disadvantages. Carriers may need to stay well out to sea in order to remain beyond the range of shore-based missiles. Without a capable medium-attack plane, carriers could only influence events relatively close to shore, which calls into question the wisdom of maintaining a large carrier fleet. Indeed, the Chairman of the House Armed Services Committee recently warned that, if the Navy terminates the A/FX program, support for carriers would be diminished.

Perhaps more important, if the JAF is substituted for the A/FX, the United States would not be developing any new carrier-capable aircraft that is dedicated primarily to the medium-attack mission and has advanced stealth characteristics. Yet surface-to-air missiles (SAMs), which are relatively inexpensive, can be bought by regional powers in large numbers and may become even more lethal in the years to come. Advanced stealth capability may be required to survive attacks by these SAMs. This option may therefore represent a decision to rely primarily on land-based aircraft to carry out relatively long-range bombing raids over enemy territory that is well defended. Such a decision would somewhat limit the flexibility of U.S. forces since land-based aircraft must have bases from which to operate.

#### *Option 2: Cancel F-22 program*

Whatever its advantages and disadvantages, Option 1 would not reduce long-term costs. If large reductions are to be achieved, one or more aircraft programs must be canceled. Some analysts might favor canceling the F-22. The F-22 aircraft was developed to counter the highly capable air forces of the former Soviet Union. According to its critics, the added capabilities it provides are both unnecessary and too expensive for the sorts of regional conflicts the United States is now likely to confront. Indeed, the analysis of capabilities presented earlier suggests that the capability of U.S. fighter forces substantially exceeds that of most regional powers. The speed with which U.S. fighter forces prevailed over Iraq in the Persian Gulf War supports that analysis.

Critics of the F-22 fighter also argue that attack aircraft, such as the A/FX, would be more useful in future conflicts than fighters. Also, even if F-22s end up costing

only \$80 million each, which may be optimistic, the plane is likely to lead to "sticker shock" among many taxpayers.

Because it is expensive and enters production relatively soon, canceling the F-22 would produce the largest savings of any of the alternatives. Cancellation would save an average of \$2.3 billion a year during the 1994-1999 period, reflecting reductions in both development and procurement costs. Savings during that period are more than twice those under Option 1. Long-term savings are also substantial. During the 2000-2015 period, canceling the F-22 would reduce annual funding by an average of about \$3 billion, or 30 percent.

Canceling the F-22 program, however, would mean that only one new fighter or attack aircraft—the F/A-18—would be produced in the United States throughout the 1990s and well into the next decade. Moreover, this plane would not have the most advanced stealth technology. U.S. capability to respond to increases in security threats by producing more aircraft, particularly stealthy aircraft, might therefore be limited.

The Air Force fleet of fighter and attack planes would also age sharply if no F-22 aircraft are purchased. By 2015, the fleet would have an average age of about 26 years, compared with about 20 years under the base case. Another measure, the portion of the fleet retained beyond its planned service life, also suggests rapid aging. If the Air Force keeps enough aircraft to equip 21 tactical fighter wings, then under this option about 47 percent of the Air Force fleet would be retained beyond its planned service life by 2015. Under the base case, that figure is only 22 percent.

This older fleet would lack many advantages the Air Force views as crucial. The Air Force argues that advanced fighters are needed to secure the skies above enemy territory, making attack missions feasible. The current generation of U.S. fighters, which does not have the stealthy characteristics that would be a key part of the F-22 design, are vulnerable to attack by surface-to-air missiles. Since fighters must fly over enemy territory to engage enemy aircraft, more numerous and lethal SAMs place fighters at risk unless they are stealthy.

The Air Force also believes that a number of other countries may procure aircraft that are as capable as those in today's U.S. fleet. Although these enemy planes would be deployed in small quantities, the United States may need a more capable fighter to maintain superiority in one-on-one encounters.

### *Option 3: Employ a silver bullet strategy*

Rather than choosing either of the first two options, the Congress could steer a more middle-of-the-road course and elect a silver bullet strategy. This strategy involves buying only a few of the more costly and sophisticated aircraft. In wartime, these planes would be used to attack the most important and heavily defended targets. The majority of the force would be equipped with less sophisticated, cheaper planes.

To illustrate the silver bullet approach, this option assumes that the Air Force develops and buys only 150 of the F-22 aircraft, compared with approximately 650 aircraft that might otherwise be purchased (see Table A-5 in Appendix A). The planes would be bought at the low rate of 12 a year. (The Air Force itself is reportedly considering a reduction in the number of F-22s bought annually, and perhaps in total procurement as well.) The remainder of the Air Force's fleet of fighter and attack aircraft would be equipped with a relatively inexpensive plane. To keep the plane inexpensive, the Air Force would have to exercise more control over costs than it has historically.

Under this option, CBO assumes that the Navy would develop and buy the A/FX aircraft at a rate of 18 planes per year. Because of the importance of deploying a stealthy attack aircraft, this option also assumes that, compared with funding under the base case, \$2 billion is added to development funding for the A/FX. As a result, procurement of the A/FX aircraft would begin during the early part of the next decade and 222 A/FXs would be purchased during the 2000-2015 period, compared with 144 planes under the base case.

Consistent with the silver bullet approach, most of the Navy's fleet of fighter and attack aircraft would be equipped with the less capable C/D version of the F/A-18. The E/F development program would therefore be terminated, but C/D versions of the F/A-18 would be bought at the rate planned for the E/F version.

*Costs.*—Compared with the base case, this combination of changes would produce savings that average about \$1.3 billion a year in the 1994-1999 period. The savings reflect the net effects of terminating the E/F program, while also—accelerating development of the A/FX. Savings are less than those under Option 2, but somewhat larger than the savings under Option 1.

During the 2000-2015 period, savings would average about \$2.6 billion a year, a reduction of about one-fourth compared with costs under the base case. Savings re-

flect the smaller purchases of the F-22 and the purchase of the less expensive F/A-18C/D, offset partially by added costs associated with beginning A/FX procurement sooner. Long-term cost reductions are almost as great as those of Option 2, which canceled the F-22 program.

The estimated savings for Option 3 take into account the inherent inefficiency of the silver bullet approach. Small purchases of sophisticated aircraft usually result in low rates of annual procurement. As a result, overhead is spread over fewer aircraft and the benefits from learning are dampened, raising unit costs.

Cost disadvantages might be minimized if the silver bullet strategy is selected during the planning phase. Rather than responding to unanticipated cuts in annual purchases, companies could tailor their production to the smaller quantities, minimizing (one hopes) the inefficiencies associated with low-rate production.

*Capability.*—Under this option, the fleets in each service would be equipped with a small number of the most capable aircraft—the F-22 and A/FX. As a result, the Navy would retain planes with advanced stealth characteristics that can attack targets at relatively long ranges. The Air Force would retain a fighter that is highly stealthy. This option would therefore maintain the flexibility of U.S. forces. The small number of highly capable aircraft may be sufficient in light of the reduced threats to U.S. security.

The silver bullet approach would also continue production of at least two aircraft during most of the next decade. A number of companies would therefore remain in the business of designing and producing sophisticated weapons, including aircraft with the most advanced stealth technology. If threats to U.S. security ever increase substantially, open production lines would somewhat reduce the time required to expand the size of U.S. aircraft fleets.

Compared with the base case, this option would result in earlier purchases of the A/FX aircraft. The extra purchases would not be sufficient to reduce substantially the average age of the Navy's fleet of fighter and attack aircraft (see Table A-6). But earlier deployment would reduce the period when carrier air wings would have to operate without a capable medium-range bomber. This period would decline from 10 years under the base case to about six years under this option. A shorter period might make it more feasible to continue to equip the carriers with some older A-6 medium-attack aircraft until the A/FX is available.

The silver bullet approach, however, is not without its disadvantages. Compared with the base case, the majority of the Navy's fleet of fighter and attack planes would be equipped with the C/D version of the F/A-18 rather than the more capable E/F version. The E/F version, for example, is designed to fly 40 percent farther than the current C/D version, in part because of better aerodynamic performance from its modified wing. Design changes should also allow the E/F to land on aircraft carriers without jettisoning unused ordnance, an important improvement given the expense of today's munitions. And the E/F is planned to have some design changes that would lead to modest improvements in the survivability of the planes. Estimates of E/F improvements, however, are still based on simulations rather than flight tests, and the degree of improvement remains contentious among some analysts.

Compared with the base case, the Air Force fleet would be significantly older under this silver bullet approach. By 2015, if it is to meet its numerical needs, the Air Force would have to retain about 40 percent of all its fighter and attack aircraft beyond their planned service lives. This percentage is smaller than under Option 2, which cancels the F-22 outright (47 percent), but substantially larger than under the base case (22 percent).

## APPENDIX A. ADDITIONAL TABLES AND FIGURES

TABLE A-1. AIRCRAFT PURCHASED UNDER BASE-CASE ASSUMPTIONS

Aircraft	Procurement Assumed for Future Years Defense Program (FYDP)						1994-1998			
	1993	1994	1995	1996	1997	1998	Total	Average		
<b>Air Force</b>										
F-22	0	0	0	0	4	4	8	2		
Multirole Fighter	0	0	0	0	0	0	0	0		
F-16	24	24	24	24	24	24	120	24		
A/FX	0	0	0	0	0	0	0	0		
Subtotal	24	24	24	24	28	28	128	26		
<b>Navy</b>										
F/A-18C/D	36	36	36	36	24	0	132	26		
F/A-18E/F	0	0	0	0	12	24	36	7		
A/FX	0	0	0	0	0	0	0	0		
Subtotal	36	36	36	36	36	24	168	34		
Total	60	60	60	60	64	52	296	59		
<b>Procurement Assumed Beyond FYDP Period, 1999-2008</b>										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Air Force</b>										
F-22	12	24	36	48	48	48	48	48	48	48
Multirole Fighter	0	0	0	0	0	0	0	0	0	0
F-16	24	12	0	0	0	0	0	0	0	0
A/FX	0	0	0	0	0	0	0	0	0	0
Subtotal	36	36	36	48	48	48	48	48	48	48
<b>Navy</b>										
F/A-18C/D	0	0	0	0	0	0	0	0	0	0
F/A-18E/F	24	30	48	48	48	48	48	48	72	72
A/FX	0	0	0	0	0	0	0	0	6	12
Subtotal	24	30	48	48	48	48	48	48	78	84
Total	60	66	84	96	96	96	96	96	126	132
<b>Procurement Assumed Beyond FYDP Period, 2009-2015</b>										
	2009	2010	2011	2012	2013	2014	2015	1999-2015		
								Total	Average	
<b>Air Force</b>										
F-22	48	48	48	48	40	0	0	640	38	
Multirole Fighter	0	12	24	36	48	48	48	216	13	
F-16	0	0	0	0	0	0	0	36	2	
A/FX	0	0	0	6	18	24	24	72	4	
Subtotal	48	60	72	90	106	72	72	964	57	
<b>Navy</b>										
F/A-18C/D	0	0	0	0	0	0	0	0	0	
F/A-18E/F	72	72	72	72	72	72	46	964	57	
A/FX	18	18	18	18	18	18	18	144	8	
Subtotal	90	90	90	90	90	90	64	1,108	65	
Total	138	150	162	180	196	162	136	2,072	122	

SOURCE: Congressional Budget Office.

NOTE: Numbers may not add to totals because of rounding.

Table A-2.—WINGS AND AIRCRAFT REQUIREMENTS (ACTIVE AND RESERVE) UNDER BASE CASE

	Clinton plan (1994)	Bush plan (1997)	Base-case assumptions (late 1990's and beyond)	Other assumptions in the base case
<b>Air Force:</b>				
Wings .....	24½	26	21	No fighter interceptor squadrons. 100 aircraft per wing.
Required aircraft.	NA	2,800	2,100	
<b>Navy:</b>				
Wings .....	13	13	13	Does not include 3 U.S. Marine Corps F/A-18 squadrons assigned to the Navy for sup- port of carrier air wings.
Required aircraft.	NA	1,700	1,500	

NOTE.—NA = not available.

Source: Congressional Budget Office.

Table A-3.—COMPOSITION OF CARRIER WINGS

Type of plane	Current	Near term	Long term
F-14 .....	20	14	.....
F/A-18 .....	20	36	36
A-6 or A/FX .....	16	.....	16
<b>Total fighter or attack .....</b>	<b>56</b>	<b>50</b>	<b>52</b>

NOTE.—Excludes a number of other aircraft that are part of the Navy's carrier air wings.

Source: Congressional Budget Office.

Table A-4.—ASSUMPTIONS ABOUT THE PRICES OF AIRCRAFT

[In 1994 budget authority]

Service	Procurement per plant		Total RDT&E for program
	Lower cost	Higher cost	
<b>Air Force:</b>			
F-22 .....	\$80,000,000	\$115,000,000	\$18,000,000,000
MRF .....	\$35,000,000	\$50,000,000	\$8,000,000,000
<b>Navy:</b>			
A/FX .....	\$90,000,000	\$130,000,000	\$23,000,000,000
F/A-18E/F .....	\$60,000,000	\$80,000,000	\$6,000,000,000

NOTE.—Lower cost is based on Air Force and Navy estimates. Higher cost assumes prices grow, as they have historically.

Source: Congressional Budget Office.

Table A-5.—NUMBER OF AIRCRAFT PURCHASED UNDER BASE CASE AND ALTERNATIVES

	Base case		Option 1: Focus on near term		Option 2: Cancel F-22 program		Option 3: Employ silver bullet approach	
	1994-99	2000-15	1994-99	2000-15	1994-99	2000-15	1994-99	2000-15
<b>Air Force:</b>								
F-16 .....	144	12	144	12	144	12	144	12
F-22 .....	20	628	20	700	.....	.....	20	130
A/FX .....	.....	72	.....	.....	.....	72	.....	72
MRF .....	.....	216	.....	.....	.....	216	.....	216
JAF .....	.....	.....	.....	216	.....	.....	.....	.....
Total ...	164	928	164	928	144	300	164	430
<b>Navy:</b>								
F/A-18C/D	132	.....	132	.....	132	.....	192	940
F/A-18E/F	60	940	60	940	60	940	.....	.....
A/FX .....	.....	144	.....	.....	.....	144	.....	222
JAF .....	.....	.....	.....	144	.....	.....	.....	.....
Total ...	192	1,084	192	1,084	192	1,084	192	1,162
<b>Air Force and Navy .....</b>								
	356	2,012	356	2,012	336	1,384	356	1,592

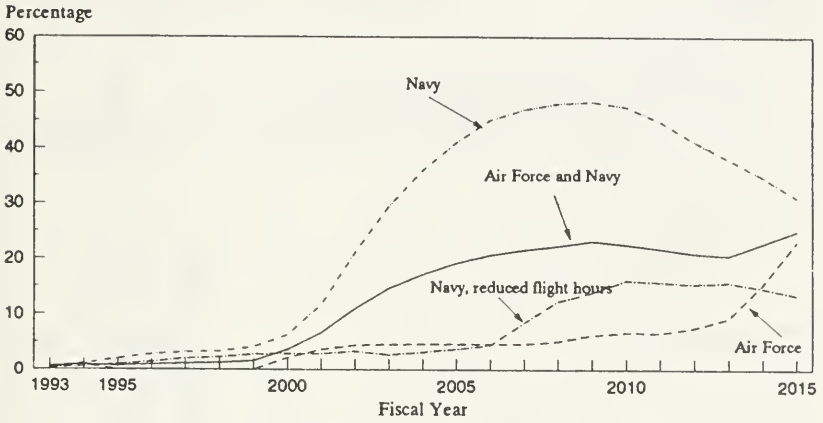
Source: Congressional Budget Office.

Table A-6.—AGE AND PERCENTAGES RETAINED BEYOND RETIREMENT AGE FOR AIR FORCE AND NAVY FIGHTER AND ATTACK FLEETS, UNDER BASE CASE AND ALTERNATIVES

Service	Average age of fleet (years)			Percentage of fleet retained beyond retirement age	
	Current	2010	2015	2010	2015
<b>Base case:</b>					
Navy .....	9	15	14	46	31
Air Force .....	9	18	19	7	22
<b>Option 1: Focus on near term:</b>					
Navy .....	9	15	14	46	31
Air Force .....	9	18	19	7	22
<b>Option 2: Cancel F-22 program:</b>					
Navy .....	9	15	14	46	31
Air Force .....	9	23	26	25	47
<b>Option 3: Employ silver bullet approach:</b>					
Navy .....	9	15	13	43	26
Air Force .....	9	21	25	20	40

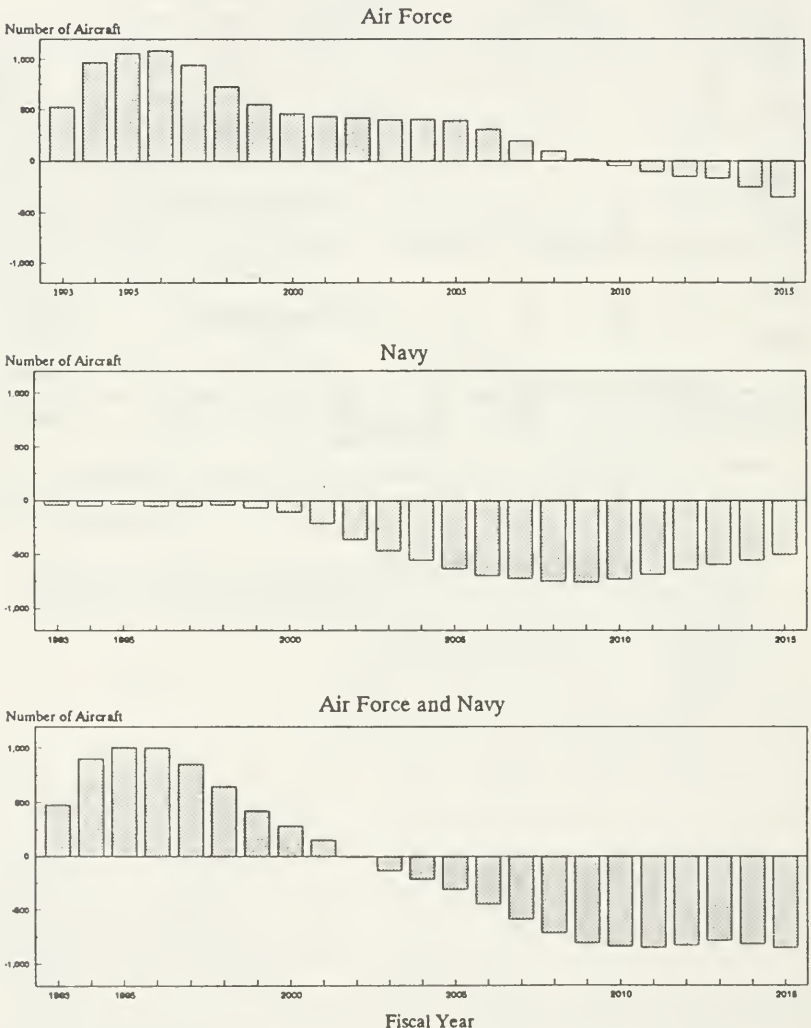
Source: Congressional Budget Office.

Figure A-1. Percentage of Fleet Retained Beyond Retirement Age to Meet Requirements



SOURCE: Congressional Budget Office projections based on Department of Defense, Air Force, and Navy data.

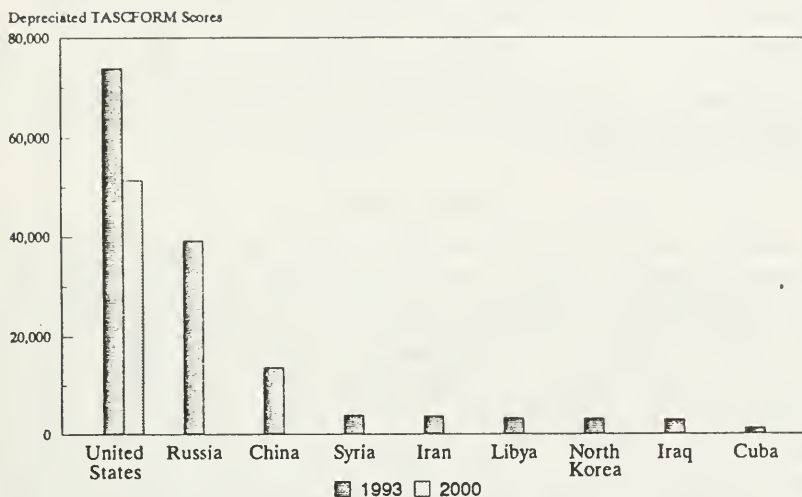
Figure A-2. Projected Overages and Shortfalls for the Air Force and the Navy



SOURCE: Congressional Budget Office projections based on Department of Defense, Air Force, and Navy data.



Figure A-3. U.S. Scores Compared with Selected Regional Powers



SOURCES: Congressional Budget Office estimates based on data from *The Military Balance* (London: International Institute for Strategic Studies, 1992-1993); The Analytic Sciences Corporation; U.S. Air Force; and U.S. Department of Defense.

NOTES: TASCFORM = Technique for Assessing Comparative Force Modernization.

CBO provided scores for these countries in testimony before Subcommittees of the Committee on Armed Services of the House of Representatives on April 28, 1993. The U.S. scores shown above, which are about 25 percent less than the scores in preceding testimony, are better comparisons with the measures used for other countries.

## APPENDIX B—SERVICE LIVES AND RATES OF USE

The Congressional Budget Office calculated the shortfalls and overages of aircraft based on assumptions about service lives and rates of use measured in terms of flight hours. For the most part, the data were taken from estimates in the Department of Defense's "Report to the Congress on Fixed Wing Tactical Aviation Modernization" or were provided by the services.

Applying the service-life estimates from this publication to CBO's projections of aircraft inventories suggests that Air Force fighter and attack aircraft would be able to fly an average of about 8,000 hours before retiring, modestly longer than today's average of 7,100 hours (see Table B-1). Navy planes would be expected to have shorter service lives, about 6,700 hours in the future compared with 6,800 hours on average today. The Air Force and Navy also provided estimates of service life. Those estimates are predicated on completion of aircraft modification programs that are not yet complete or even fully funded. Therefore, CBO used the smaller numbers for the case that retires planes when they reach the end of their service lives.

Annual rates of use are roughly the number of hours that an aircraft flies each year. Planned rates of use are somewhat higher in the Navy (a fleetwide average of 350 hours per year per aircraft) than in the Air Force (an average of 320 hours per year per aircraft). Rates of use vary somewhat based on the type of aircraft, and the Air Force's average rate of use would increase modestly to 325 in the future based on a change in the composition of the fleet. The Navy's rates of use are assumed to increase to about 350 hours through 2015.

These planned service lives and rates of use can be translated into chronological retirement ages. The figures suggest that Air Force aircraft would be retired when they are about 25 years old, on average. Navy planes would be retired at about 19 years of age, on average.

Table B-1.—ASSUMPTIONS ABOUT AIRCRAFT SERVICE LIVES AND RATES OF USE

[Expressed in flight hours]

Service	Service life		Rate of use	
	Current	2015	Current	2015
Air Force .....	7,100	8,000	300	325
Navy .....	6,800	6,700	330	350

NOTES.—Numbers reflect specific assumptions provided by the Air Force and Navy for each plane in the fleet, weighted by the number of aircraft. Assumptions about service life may, especially for the Navy, assume the existence of modifications that have not yet occurred.

Source: Congressional Budget Office.

#### AFFORDABILITY

Senator INOUE. Thank you very much, Mr. Hale. You began your statement by saying that affordability may not be an issue now and you said it depends upon certain assumptions. Now, you are assuming what the services have stated so far such as going down to 21 wings and naval surface vessels down to 320?

Mr. HALE. Yes; that is the essence. I would say that the affordability picture has brightened, Mr. Chairman. I would not want to say that the problems are over. But it looks better than it did a year or two ago, and largely because of what you have just indicated; namely, a substantial cut in naval forces below the base force; a decision by the Navy not to modernize many of its categories of aircraft, P-3's, S-3's, E-2C's and so forth, and some other cuts.

Senator INOUE. With your CBO plan, the percentage statistics will change. You indicated that the traditional division of costs will change. Our calculation shows that under your option, the CBO plan, it might be an increase of 400 percent. Is that correct?

#### CBO'S BASE CASE

Mr. HALE. I don't want to call it the CBO plan, Mr. Chairman. I would prefer to call it CBO's base case, since we tried to mirror what the services seemed to have in mind a couple of months ago.

What would be the budget shares for fighter and attack aircraft under this base case? From 1974 to 1993, the Navy and the Air Force devoted about 4.5 percent of their total budgets to procuring fighter and attack aircraft. Under CBO's base case, that share would rise up to 6 percent under the lower estimate. For the higher estimates, the share would rise an average of 8 percent. In some years the share would reach more than 10 percent. So there is no question we are talking about major shifts in budget shares.

That may be appropriate in light of the changes in threats to security, but I would not want to underestimate the difficulty of carrying it out within the Pentagon.

Senator INOUE. We still have A-6's operational and I would assume that that is the Navy's oldest aircraft. Is that not it?

Ms. PIERROT. Yes, sir; the A-6 fleet currently averages about 18 years old.

Senator INOUE. It is supposed to be put out of operation about the turn of the century; is that correct?

Ms. PIERROT. Yes, sir.

Senator INOUE. If that is the case, why are we replacing the more recent aircraft such as the 15, 16, or the F/A-18 before we get rid of the A-6?

Ms. PIERROT. It is clear that we are replacing the F-15—at least the fighter version—at a younger age than we would eventually replace the A-6, even if A/FX were procured on the schedule assumed in the base case. The F-15 fighter fleet averages about 12 years, in contrast to the 18 years of the A-6 fleet.

But the services may have other reasons for replacement, as Mr. Hale has indicated. For example, Air Force might argue that the F-22 is necessary to counter threats from SAM missiles. On the other hand, some people have argued that a stealthy, medium-attack capability may be more useful in the regional conflicts that the United States might face today.

Senator INOUE. If the decision is to do away with the A/FX, you have indicated that the wisdom to maintain a large carrier fleet cannot be maintained. How would you justify if we do decide on the A/FX to maintain a large carrier fleet?

Mr. HALE. I think you could make the case that it should be smaller. The Navy would be giving up portions of an important mission, as you mentioned in your opening statement. They call it medium attack. Because they would not have a dedicated medium-attack plane with advanced stealth characteristics, in some circumstances they would be depending more on land-based aircraft. And that might argue for a smaller carrier force.

I think the Navy would counter that they would still need a substantial carrier fleet in order to carry out peacetime missions, and for wartime support of amphibious operations that would be carried out at closer range. Those missions could still be carried out even if the Navy had fewer of the medium-attack aircraft.

But in terms of the big debate on allocation of resources, I think if the A/FX or a dedicated plane for medium attack is terminated, a case could be made for reducing resources for large-deck carriers.

Senator INOUE. Will the JAF be able to replace the mission of the A/FX?

Mr. HALE. You know, I like my analogy of the Mack truck and the Toyota Tercel, Mr. Chairman. I do not see how you can meld those two missions fully. The A/FX mission requires long range. The multirole fighter mission demands a smaller plane with agility for the fighter's mission. The JAF compromise, it seems, would result in a plane with somewhat less range than an A/FX that would be designed and dedicated to the medium-attack mission.

The press is reporting a proliferation of JAF options, so we will probably have to await the Pentagon's final statement about what the JAF is before we can say for sure. But I wonder how you can combine them.

Senator INOUE. How will the Navy be able to continue its deep strike missions without the A/FX?

Mr. HALE. I suppose it depends on what you mean by deep strike. If they retire the A-6 as they intend, they plan an interim upgrade of the F-14 that will give it some air-to-ground capability. They will also have the E/F version of the F-18 that will have substantial range.

Neither of those planes, however, would have the range of an aircraft that was designed and dedicated to the medium-attack mission. So it is a question of what deep strike means. The Navy would still be able to carry out some missions, but it might not be able to carry out others.

That is a vague answer, but unfortunately, I do not know a better one. I do not think it is a black and white situation.

Senator INOUE. We have a couple of options and alternatives there. Staff suggested doing away with both Air Force programs and call upon the Air Force to buy the F/A-18 E/F for its fighter and the A/FX for its long-range strike attack aircraft. How would that option go?

Mr. HALE. We might need to think about that one and provide some better results for the record, Mr. Chairman. But let me reiterate, we are not making any pretense of having looked exhaustively at all options. There are many, many others.

The E/F version would be substantially more expensive than what the Air Force had indicated it hoped to pay for a multirole fighter, and we would eventually buy that multirole fighter in large numbers under our base-case assumptions. So, though I think we would need to look at the option more carefully, I can tell you that it would drive up costs.

Ms. PIERROT. It might be more expensive than the multirole fighter. The Air Force has argued in the past that the multirole fighter should cost no more than \$35 million. The estimates that we have heard for the JAF might reach around \$60 million. The lower cost that CBO has assumed for the E/F model of the FA-18 is also around \$60 million. So if the Air Force chooses the JAF, the cost of the two planes might be more similar than we would have argued a year ago.

Mr. HALE. Can I add a brief point so we do not generate any confusion? We are looking at what are called unit procurement costs. Many of the costs in the press are fly-away costs that exclude some support costs. I think the fly-away cost of the JAF has been estimated by the services to be \$40 to \$45 million. CBO's \$60 million in unit procurement cost is consistent with that, at least as far as we can tell.

Senator INOUE. Now, since we are acting upon assumptions, we also make assumptions on cost.

Mr. HALE. Yes, sir.

#### UNIT PRICE OF THE F-22, F/A-18E/F, AND A/FX

Senator INOUE. Can you give us the unit price of the F-22, F/A-18 E/F, and the A/FX.

Mr. HALE. I can give you what we assumed under our lower estimates. The F-22 would have an average unit procurement cost over its entire buy, now, and in constant dollars, of about \$80 million. The A/FX would be something like \$90 million, the F/A-18 E/F about \$60 million, as Ms. Pierrot indicated. The multirole fighter would cost about \$35 million, and the JAF about \$60 million.

Again, you ought to treat those as roughly right and exactly wrong. Some of these numbers will surely change a lot.

Senator INOUE. The assumption is that the production line will be moving and we will buy the numbers as indicated?

Mr. HALE. Yes; the numbers I gave you presume that the Congress will buy more or less what the services were envisioning a few months ago. And they are averaged over the whole buy. The costs obviously would be a lot more early on in the buy.

Senator INOUE. I ask that question because I remember when we decided to purchase, I believe, 275 B-2's and we ended up with 20.

Mr. HALE. Yes, sir.

Senator INOUE. Obviously, the unit cost went up and people could not understand that.

Mr. HALE. Right. CBO also did a higher estimate, as I indicated in my oral statement, that assumes unanticipated cost growth for any number of reasons, one of which might be a reduction in the size of the buy.

I might add that when CBO estimated costs for the silver bullet strategy, which envisions a much smaller and slower buy of the F-22, our cost analyst increased the unit cost quite a bit to try to take into account this phenomenon that you are speaking of, that when you buy a few planes and you buy them slowly they cost you lot more.

Ms. PIERROT. That estimate, sir, would have been about \$150 million—in contrast to the \$80 million in our base case—if we only bought 150 F-22's at a rate of 12 per year. So you are right, cost increases substantially when you cut back on total procurement and annual production rates.

Senator INOUE. And the silver bullet would assume we are canceling out the F/A-18 E/F?

Mr. HALE. Yes; this option assumes the Department of Defense would buy C/D versions instead.

Senator INOUE. Then buy the A/FX.

Mr. HALE. Excuse me?

Senator INOUE. And buy A/FX.

Mr. HALE. Buy the A/FX and the F-22 in small numbers and equip the rest of the fleet with relatively less capable planes. We used the C/D version as an illustration—and the multirole fighter.

Senator INOUE. I just hope I have not added to the confusion here.

I now call on Senator Bond.

Senator BOND. Thank you very much, Mr. Chairman. I learned a great deal from your questions. And I wanted to follow up on some of the things that have been brought out, both in the testimony here and the written testimony provided.

Mr. Hale, in your testimony, the chart on page 32, U.S. scores compared with selected regional powers. I am not sure I understand it, but it looks like that we are substantially ahead of the other countries that might challenge us, and I note on your written statement on page 8, and you talk about capability, "The comparisons do suggest, however, the United States possesses a substantial margin of superiority in tactical air capability. If it chooses, the country can take time to assess carefully its plan for modernizing tactical air forces."

Do you see any factors that are likely to change that, and would we maintain that tactical superiority under all four of the options

that you have—well, now, five options that you have listed up there on that chart?

Mr. HALE. Well, I suppose only a soothsayer knows with certainty if it will change, Senator Bond. I mean, the thing that could change it most dramatically would be a remilitarization in Russia that brought back to bear their very potent tactical forces. I certainly would not foresee that, but I do not think you can entirely rule it out. It is hard to imagine any of the regional powers having the funds to catch up with us in tactical aircraft.

Let me add one other point. The United States does have substantial superiority. But as we point out in the text of CBO's staff memorandum, the United States wants to carry out missions that it deems necessary for its security. That may require overwhelming superiority. I do not think that you can look at that chart and conclude we can get rid of one-half our forces. We may, for example, want the capability to mount a medium-range attack with a plane that has advanced stealth characteristics even though no enemy has such a capability.

As far as the effect of the four options, I do not think they would fundamentally change that picture.

Ms. PIERROT. The numbers in the chart that you are describing reflect capability as of the year 2000. The capability of the fleets would not be terribly different in the year 2000 under the alternatives because the United States is simply not buying that many planes between now and then.

CBO also projected the capability of the U.S. fleet in the year 2015. These numbers are imprecise, so I would like to change them for the record. But I think the general story will remain the same. In the year 2015, the capability for the base case would be very similar to the numbers shown on the chart. But for the other alternatives there could be substantial degradation in capability; I would say capabilities could be as low as three-quarters of the capability that is shown on the chart.

That does not alter the balance among nations, except perhaps in contrast with Russia. We would still have superiority if the capability of other countries does not increase sharply, which is always a possibility. But U.S. capability would certainly decline as a result of the alternatives.

Senator BOND. Have you analyzed the likelihood that—and you mentioned the possibility that Russia could turn back from its path of progress and start developing their next generation aircraft. Would we be able to stay ahead of them? We, I assume, would see some change. Would we be able to change our projections and maintain that superiority if we saw a very disturbing trend in terms of TACAIR development and production in the former Soviet Union? Or is this something where the first one to break out of the box makes a significant gain in terms of overall capability?

Mr. HALE. I am afraid the answer is pretty speculative, Senator. It would depend on how long it took us to recognize those changes. The United States does, as we speak, have a substantial industrial capability. So if we foresaw those changes with reasonable alacrity, we could stay ahead if we chose to spend the money to do so.

I also do not want to leave the impression that I am suggesting that is going to happen. It seems unlikely. I just do not think you can rule it out.

Senator BOND. We understand that we have to consider those options, and I wanted to find out your view on whether—if, for example, we took the suggestion that you made to take time to assess the capability for modernizing tactical air forces, if we decided to go that route and something changed and then we would have to seek, obviously, a greater budget allocation. But we probably would be able to speed up our—change our focus and speed up our development to maintain that superiority, should Russia or—well, probably Russia or some other country make a major effort in that area.

Mr. HALE. I would think so, unless taking our time—which is not what we had in mind with those words—meant a long lapse during which you were not buying anything. We still have a robust ability to produce these planes if we have to.

Senator BOND. As I said in my opening statement, I have a concern about the price tag on the F-22. And on page 19 you have raised some question about that.

Do you think there is a likelihood that the cost might move closer to \$115 million than the low-cost \$80 million that you project?

Mr. HALE. Any time you look at a weapon system that has just entered full-scale development in the Department of Defense, prudence compels you to assume that unanticipated cost growth is a possibility. I cannot predict it is going to happen with the F-22; I do not have any specific information. But unanticipated cost growth has been pervasive in DOD weapons, and I think you have to be prudent and assume that it is a possibility with the F-22, which is why we showed you that case.

Senator BOND. Finally, I was very interested to hear your comment on the joint attack fighter. Obviously, we do not know enough about it. But it seemed to me a bit strange that we could replace both the MRF and the A/FX-1, one a relatively low-end aircraft, the other a high-end, highly capable aircraft, to fill both missions. And if it is significantly more expensive than the MRF and we are going to get 70 percent of the JAF purchase to fill the mission of the lower cost MRF, would that not be spending more money than we need?

Mr. HALE. As you see, CBO estimates that you would not save any money. You will get a little bit of reduction because the JAF would replace the AFX, and the JAF would be cheaper than the AFX. But, as you just said, most of the planes that would be replaced by JAF's would be MRF's and the JAF, given service estimates, is more expensive than the MRF. So the net effect is little or no savings in the long term. There are some short-term savings because we assume that the cost of development is lower.

Senator BOND. Well, I share your concerns and I will look forward to learning more information on it.

Thank you very much.

And I thank you, Mr. Chairman.

Senator INOUE. Senator Domenici.

Senator DOMENICI. I have no questions of this witness.

Senator INOUE. Senator Specter.

Senator SPECTER. Thank you very much, Mr. Chairman.

The issue of our tactical Air Force programs is a very, very important one. I have arrived after attending the opening comments of the Secretary of Education on another subcommittee, and what I think I would like to do, Mr. Chairman, is to submit a number of questions for the record, if I may.

Senator INOUE. Without objection.

Senator SPECTER. I thank the Chair.

Senator DOMENICI. Mr. Chairman.

Senator INOUE. Yes.

Senator DOMENICI. Might I just state to both of the witnesses from the CBO, your preparation and analysis is consistent with the very best history of the Congressional Budget Office, and I want to thank you for that.

Mr. HALE. Well, thank you.

Ms. PIERROT. Thank you.

Senator DOMENICI. As the President said, you are going to be the real tellers of the truth in his now famous speech. Some on our side sort of chuckled, but I was not one of them. I believe we need people like you and an independent group like you. And I think this proves up the kind of expertise you have developed to be helpful to us, not to tell us what to do, because you do not do that. It is very much needed around here, and I appreciate it.

Thank you, Mr. Chairman.

Mr. HALE. We very much appreciate your words, Senator Domenici.

Ms. PIERROT. Thank you.

Senator INOUE. Thank you very much.

May I ask a couple more questions.

#### AIRCRAFT INVENTORY SHORTFALLS

From what you know of the aircraft inventory shortfalls and other planned retirements, which would you consider of higher priority, the F-22 or the AFX?

Mr. HALE. I think that if you were just looking at age and, therefore, shortfalls, as Ms. Pierrot indicated, the A-6 fleet is older than, say, the F-15 fleet. And that is likely to continue. So by that criterion alone, I would say it would be more important to seek a replacement for the medium-attack aircraft.

But, I must be fair and say that many other factors would have to enter into that decision including, obviously, relative priority among missions. And even if you put more priority on the attack mission, you must be able to control the skies, so we have to have a capable fighter force. You must seek a balance. By the criterion of age alone, however, you should focus on medium attack.

Ms. PIERROT. Mr. Chairman, there is also the issue of the Navy's aircraft shortfalls. If the Navy has to retire planes based on estimated service lives—the engineering service lives for the aircraft—the Navy's aircraft shortfalls would be considerable larger and happen much earlier than the shortfalls that the Air Force might experience. Thus there might be some support for buying Navy planes or for additional procurement of Navy planes, based on the short-fall calculations we did, which are shown in our written statement.



Senator INOUE. Ms. Pierrot, Mr. Hale, on behalf of the committee, I thank you for your appearance this morning. It has been extremely helpful.

Mr. HALE. Thank you.

Senator INOUE. We would like to followup, if we may, with additional questions.

Obviously, this is a very complex issue and, obviously, it is going to cost a lot of money.

Mr. HALE. Yes, sir.

Senator INOUE. And so the decisions we make at this stage may have an effect that will go on for many, many years. And we want to make certain that the decision will be the right one, if there is such a thing.

Mr. HALE. We would like to continue to be helpful and will do so in any way we can.

Senator INOUE. And we look forward to receiving your study on this subject, which I believe will be completed after DOD makes its recommendations known.

Mr. HALE. Right; we will work with your staff on that. Thank you.

Ms. PIERROT. Thank you.

Senator INOUE. Thank you very much.

We will now hear from John Deutch, the Under Secretary of Defense for Acquisition.

#### **STATEMENT OF JOHN M. DEUTCH, UNDER SECRETARY OF DEFENSE FOR ACQUISITION**

Senator INOUE. Mr. Deutch, welcome, sir.

Last year, this committee recommended that your Office, along with the Secretary of Defense, review all of the services' TACAIR programs and come up with an independent judgment on which programs should proceed. The committee has invited you here this morning to share the results of your TACAIR report and speak for the Secretary independent of the military departments.

This, I believe, is your first appearance before the subcommittee, but I am certain it will be the first of very many. On behalf of the subcommittee, I welcome you here this morning. We have received your complete statement; it has been made part of the record, and you may proceed as you wish, sir.

Mr. DEUTCH. Thank you very much, Mr. Chairman. I am very grateful to have this opportunity to appear before the subcommittee. And I am pleased to be here to discuss a subject which Secretary Aspin and Deputy Secretary Perry regard as extremely important for our national security.

TACAIR capability is critical to meeting future security challenges and, as you mentioned, Mr. Chairman, it certainly is a major cost driver for the defense budget. It is going to be expensive.

I do want to begin by reminding you, sir, that our bottom-up study on TACAIR is still underway. I am not in a position today to report findings of that bottom-up study or to present the recommendations of the Secretary to the Congress on this subject. We hope the study will be completed in a few weeks; but, at present, I am going to give you a straightforward summary of where we are in our considerations.

## RESULTS OF TACAIR REVIEW

I do believe that the bottom-up study is the vehicle the Secretary and the Deputy Secretary are using to evaluate alternative tactical air programs, and that the TACAIR study we sent to the Hill in response to the legislative mandate last year will not be as useful a guide as the bottom-up study.

We do recognize that we have to complete this study in a way which is convenient for Congress to deal with their responsibilities in the appropriation process. We are very interested in cooperating with you as we go through this process to keep you informed of our thinking and the study's progress. Today I'm sharing with you really for the first time our thinking.

The nature of the problem, I think, is quite clear. There are several candidate aircraft programs on the agenda at some stage of development and an implied force structure that suggests what I would refer to as an unaffordable TACAIR program.

Mr. Chairman, I would like to refer to only two charts. I must say, sir, that I have not been in the Department long enough to figure out how to get them displayed elegantly, but I will try to learn that.

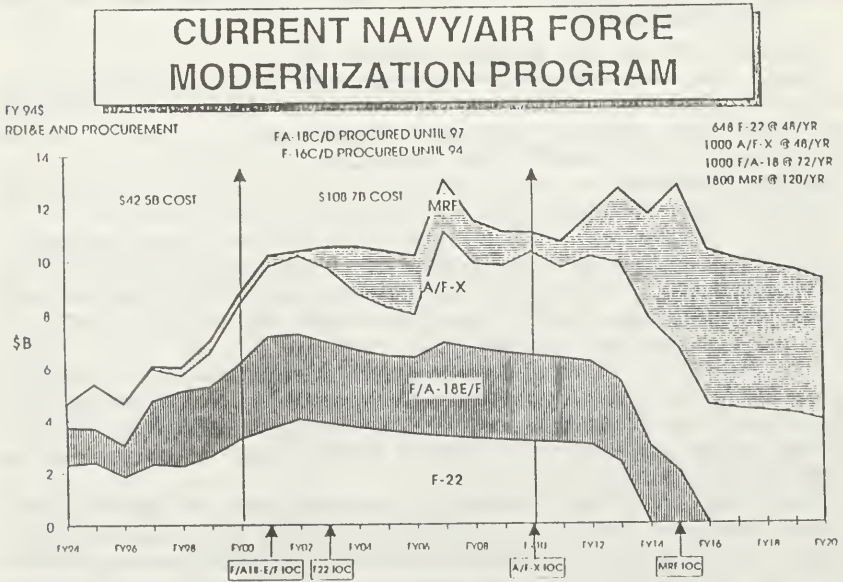
Senator INOUE. You will soon learn, sir.

Mr. DEUTCH. I hope they have been distributed up there.

Senator INOUE. We have got them.

Mr. DEUTCH. Yes, thank you, sir.

[The information follows:]



## BOTTOM-UP REVIEW TACAIR OPTIONS

- Cancel F-22 & A/F-X
  - F/A-18E/F, F-22+ or A/F-X+ & MRF
- Cancel A/F-X, F/A-18E/F & MRF
  - F-22 & JAF
- Cancel A/F-X & MRF

—F-22, F/A-18E/F & JAF  
 Cancel F-22, F/A-18E/F & MRF  
 —A/F-X & JAF  
 Cancel F-22, A/F-X, F/A-18E/F & MRF  
 —F-22+ or A/F-X+ & JAF

Mr. DEUTCH. The first just reminds you of what this bow wave is in TACAIR development that we are jointly confronting. And it indicates the multirole fighter, the AFX, the F-18-E/F and the F-22, leading to major increases in TACAIR modernization, research and development, plus procurement, at a time when our defense budget is declining. That is the problem that we face.

#### TACAIR OPTIONS

In order to deal with the subject of a TACAIR modernization program, we have to consider a force structure that is going to be with us for 20-plus years. This means that we have to take into account many factors.

What I would like to do, Mr. Chairman, is just to mention to you eight factors that are being considered in the bottom-up review—eight factors that I think are critical to an assessment of any TACAIR modernization program.

First and foremost is future military contingencies and the threat that our fighters would face.

The second is the composition by aircraft type and the size of the force.

The third is the requirement to replace aging aircraft, such as the A-6.

The fourth is the impact on the industrial base of the United States as we bring down the fighter programs.

The fifth is the prospects for new technology that will lead to even more capable fighters.

The sixth is the relationship of TACAIR to other capabilities. I would mention especially standoff weapons, whether they are Tomahawk missiles launched by ships, or whether they are B-2 bombers based in the United States.

Other capabilities include better communications and intelligence equipment to make fighter aircraft more effective. Among the other capabilities are modern munitions which will assure that a smaller number of sorties fulfill the military missions.

We have programs, as you know Mr. Chairman, in all these areas that will make any tactical air force that we procure in the future more effective because of these other capabilities.

The seventh point I would like to make, Mr. Chairman, has to do with the acquisition process. If we are going to buy the needed aircraft in a time of uncertainty with respect to composition and numbers of airplanes as we enter the future, it is important that we have an acquisition system, including a production base, that will allow for economical purchase of fighters and possible expansion of production should those future conditions warrant it.

And the final and eighth point is the prospects for these programs of international cooperation with our NATO allies. All of these are different dimensions of a problem that are under consideration in the TACAIR bottom-up review. We are proceeding, Mr. Chairman, in the TACAIR study by assuming different options for

mix of airplanes, different options in the composition of the fleet, and the number of tactical airplanes that one would have for the Navy and the Air Force.

Each option involves different dates of introduction for the different airplanes, and various force sizes are being examined. For each one of these options, we consider the performance of these options in a hypothetical conflict situation at various times in the future; for example, the years 2003, 2013, and 2023.

We then look at each of these options and evaluate it on the basis of capability and costs of the different tactical aircraft programs in these different major regional contingencies under consideration. I might add that in considering the costs we do not only consider the research, development, and procurement costs, but also the operating costs of entire tactical air forces throughout the period that we are looking at of approximately 20 years.

If I may, Mr. Chairman, I would like to draw attention to the second chart, which describes for you, sir, five of the six programs that are under consideration. The sixth program is the base program that was referred to in the earlier chart. So these are the five programs that are under consideration. They are more or less self-explanatory.

[The information follows:]

#### BOTTOM-UP REVIEW TACAIR OPTIONS

- Cancel F-22 and A/F-X
- F/A-18E/F, F-22+ or A/FX+ & MRF
- Cancel A/F-X, F/A-18E/F & MRF
- F-22 & JAF
- Cancel A/F-X & MRF
- F-22, F/A-18E/F & JAF
- Cancel F-22, F/A-18E/F & MRF
- A/F-X & JAF
- Cancel F-22, A/F-X, F/A-18E/F & MRF
- F-22+ or A/F-X+ & JAF

Mr. DEUTCH. Let me mention that in the case of the first option on this chart, one would turn to having one high-end fighter, either an improved F-22 or an improved A/FX, the F-18 E, and the multirole fighter. The second alternative would cancel the A/FX, the F/A-18 E/F, and the multirole fighter, and rely only on the F-22 for air superiority, and the JAF, the so-called joint attack fighter, to be common to meet all other mission needs of the Air Force and the Navy.

In each one of these five cases, we are undertaking the analysis that I mentioned to you above.

I would like to stress that all of these options are under consideration. At the present, I cannot report to you that any single one of them has been either selected or decided upon to be put forward to the Secretary for his consideration.

I might say, Mr. Chairman, that in carrying out the bottom-up review there is a steering committee which I chair for the Secretary and the Deputy Secretary, and the tactical air programs is one of the ones under consideration. We have proceeded in these studies with the cooperation of all interested elements of the Department.

There is, of course, considerable uncertainty in the estimates of both the costs of these different programs and the threats which

we may face in the future. Therefore, I caution against making too many decisions too early. There will be unexpected developments. We can count on that. I believe that it is unwise and unnecessary to decide everything today about the force structure for the next 20 years.

I am urging you to focus on the capabilities that are necessary today and that are anticipated for the future in allowing for different choices, which may be made at a later time regarding sizes of programs and the mix between aircraft types.

#### PRIORITY NEEDS

What are the two priority needs? Let me mention two priority needs in terms of capability now rather than aircraft types. I think they are fairly clear. The first is to provide a ground-attack capability for carrier air to replace the aging A-6 fleet, and the second is to assure that we have a high-performance air superiority fighter for the Air Force to replace the aging F-15.

These are the two military needs that I believe are most prominent, without arriving at a particular recommendation for an aircraft type. Clearly, the options under consideration in the bottom-up review meet these priority needs, but they do so in very different ways. Once again, Mr. Chairman, let me assure you and other members of the committee that the Department of Defense and I are committed to keeping you fully informed of the bottom-up review progress, and that we stand ready to interact with you or your staff on it.

#### HELICOPTER REVIEW

Let me also mention, Mr. Chairman, because I know it is of concern to this committee, that we have another bottom-up review study concerned with helicopters. In particular, attack helicopters and reconnaissance helicopters for the Air Force.

The story there is very similar to the one I have mentioned. We are looking at qualitative considerations running from technology changes to acquisition streamlining, to international cooperation, to industrial base supply. We are also evaluating the effectiveness of different force mixes for the major regional contingencies that we may see facing us in the future.

Three options are under consideration in the helicopter study. They are pretty straightforward, more so than the tactical air. They include: a program that retains both Longbow and Comanche; a program that cancels one and not the other—that is, which retains Longbow but not Comanche—and third, a program that does the opposite, retains the Comanche and not the Longbow.

Mr. Chairman, that is a summary of where we are on the TACAIR study and just a bit here at the end about helicopters. I will be pleased to answer any questions that I can for you and other members of the Committee.

Thank you very much, Mr. Chairman.

[The statement follows:]

## STATEMENT OF JOHN M. DEUTCH

Mr. Chairman, members of the subcommittee, thank you for the opportunity to discuss the state of the Department's tactical aviation programs. This is a vitally important subject, not only to the Department, but to the citizens of this country.

The new world situation provides many challenges for the United States as we restructure our defense forces for the next century. We are downsizing to meet the economic realities of our time and to respond to reduced threats. Our national military focus has shifted from deterrence of global war to one that emphasizes regional conflicts. Such conflicts can present dangers in all parts of the world. We are seeing the proliferation of the technology, front line aircraft, and modern weapons developed by more advanced nations to many countries where regional dangers exist. We will need to have more mobile forces, and we will need to be able to move quickly and decisively to respond to regional conflict. Tactical airpower is essential to our emerging needs. With our national fiscal constraints, and significantly less defense funds to work with, our TACAIR modernization initiatives to meet the future challenges will in many cases, however, be driven by affordability.

We saw in Desert Storm how modern airpower was of premier importance. Tactical aviation is likely to be the backbone of our military capability in any future regional conflicts in which we are involved. There are several missions included in tactical aviation. None is more important than air superiority, because all of our other capabilities depend on ruling the skies. Given air superiority, and hopefully air supremacy, we need to attack the enemy throughout the depth and breadth of the battlefield, day or night, in any weather—increasingly with precision munitions. However, we are downsizing TACAIR, correspondingly with the Departments force structure reductions. It is imperative that we balance the capabilities of our TACAIR forces, and simultaneously maintain high leverage selective modernization where the return on investment justifies it.

I will now briefly cover where we are today, where I think we need to go in the future, and share with you some of the concerns which must be factored into our decisions in tactical aviation.

## WHERE WE ARE TODAY

We are faced with block obsolescence of large segments of our TACAIR forces now. Whatever our force structure turns out to be, we will have to replace all of our current tactical aircraft within 20 to 30 years. In the Air Force, the air superiority fighters are the oldest overall category. The average age of the F-15 will be over 16 years at the turn of the century and it must be replaced. The F-22 is therefore the highest priority for the Air Force. And the F-22—with its stealth features, supersonic cruise, and modern weapons—is designed to ensure we achieve quick control of the skies for a long time to come. In the Navy, the A-6 all-weather, medium attack aircraft is almost 20 years old and is ready to be phased out of the inventory. We have the F/A-18E/F in development to take some of the A-6 missions until its replacement, the A/F-X, is available in 2010. In the Army, we have a fleet of Vietnam era helicopters, AH-1's and OH-58's, that need to be replaced. As a result, the Army is developing Comanche as a replacement. In addition, the Army plans to upgrade Apache helicopters to increase their effectiveness on the modern battlefield. Besides facing performance obsolescence and fatigue life limitations, these older aircraft platforms are very expensive to continue to operate and maintain, requiring in many cases, as in the case of the A-6, special parts that are no longer being mass produced. This situation will only get worse over time.

Although we are in the technological lead in most areas today, our latest fielded technology that was developed in the 1970's and 1980's has been widely emulated and in some cases surpassed. The high effectiveness of our aircraft and weapons in Desert Storm was clear to future adversaries who can be expected to respond. Our current inventory aircraft and weapons, although continuously updated, are generally at rough parity with former Soviet and other nations systems being marketed and developed today. We continue to maintain a decisive advantage in training and readiness; however, our advantage in performance also can only erode without continued modernization.

In short, today's circumstances find us with an overwhelming capability, but one that is aging, and one that cannot be maintained by standing still.

## WHERE WE NEED TO GO

As stated at the outset, maintaining our worldwide lead in TACAIR requires that we continue development of the next generation of tactical aircraft and weapon systems. While the ultimate TACAIR force structure and the exact mix of new systems

is in question, the need to pursue new systems is not. We must preserve our lead in important aviation technologies, using our skills not only to develop and acquire new capabilities but also to reduce overall costs.

In keeping with reduced defense budgets and force structures, we anticipate reducing the size of our TACAIR component. This will relieve the affordability situation at least in part. Essential to this process, though, is a comprehensive re-look at the relationship between force structure and mission needs and how they translate to modernization priorities. In the context of a smaller force and reduced costs, the assumptions that drove aircraft force mixes and complementary mission needs in the recent past may no longer be valid.

This is the essence of the TACAIR bottom-up review. We are addressing the trades between force structure and modernization. The number of types of aircraft we can develop is closely related to the total number we need to purchase for a given force structure because, at some point, the nonrecurring costs of a new system cannot be amortized across a large enough production run to justify the investment. The solutions that we are considering in the bottom-up review tend to emphasize both multi-mission or multi-role platforms and commonality among the Services. Commonality at system and subsystem levels is also emphasized.

The review is also considering how advances in air-delivered weapons and related technologies affect the equation. For example, we may have the opportunity to place greater reliance on bombers and standoff weapons to strike deep targets. We also are considering other means to enhance TACAIR mission effectiveness, such as use of unmanned aerial vehicles and C<sup>3</sup>I and space assets.

Thus, the Department sees the challenge of the near future for TACAIR as being how best to pursue modernization in the context of overall force reductions and significantly reduced budgets. The bottom-up review is our initial step in establishing a prudent approach that preserves our lead in essential technologies while simultaneously taking full advantage of opportunities for commonality and jointness.

#### CONCERNS THAT WE MUST ALSO FACTOR IN

As we proceed with this task, we must take care that we not compromise certain of our strengths.

First, we must maintain an adequate defense industrial base. America has led the world in production of tactical aircraft and advanced weapon systems. There is a limit to the extent to which we should allow this capability to erode. Particularly important to maintaining our leadership is keeping our technology and design teams together. Of only slightly less importance is the need to keep a production base active. In a time of declining defense investment, we also must be conscious of the utility of international markets as a means of supporting our industrial base and the potential for increased utilization of cooperative programs.

I strongly support our ongoing science and technology efforts as essential to maintaining our strengths and our technology leadership position. This includes increased use of technology demonstration vehicles to keep our critical skills honed and to remain postured to produce advanced systems short of the normal 15 or so years it takes to field a new capability.

#### SUMMARY

I would characterize the Department's current effort on TACAIR as careful planning for a new state of equilibrium. There are numerous, competing parameters to be considered in plotting the course of TACAIR modernization. In crafting a coherent plan, we must strike the proper balance of reductions and efficiencies, while maintaining the essential elements of what has worked well for so long. The Bottom-Up Review in TACAIR is providing the essential framework to accomplish this.

Thank you, Mr. Chairman, for this opportunity to present my thoughts. I will be happy to answer your questions.

#### BIOGRAPHICAL SKETCH

The Honorable John M. Deutch was sworn in as the Under Secretary of Defense (Acquisition) on April 15, 1993. He is responsible for all matters relating to Department of Defense acquisition and acquisition reform; research, development, and dual-use technology; the defense technology and industrial base and defense conversion; production; logistics; command, control, communications, and intelligence activities related to acquisition; military construction; environmental matters; and procurement.

Mr. Deutch became a member of the faculty of the Massachusetts Institute of Technology in 1970 and since then has been an associate professor of chemistry,

chairman of the Department of Chemistry, dean of science, provost, and Institute Professor.

His government assignments include service in the Department of Energy as Director of Energy Research, Acting Assistant Secretary for Energy Technology, and Under Secretary of the Department. In recognition of his contributions, he was honored with the Secretary's Distinguished Service Medal and the Department's Distinguished Service Medal. He has been a member of the White House Science Council, the Defense Science Board, the Army Scientific Advisory Panel, the Chief of Naval Operations Executive Panel, the President's Commission on Strategic Forces, the President's Foreign Intelligence Advisory Board, and the President's Nuclear Safety Oversight Committee. He also served as a consultant to the Bureau of the Budget.

He has been a trustee of the Urban Institute, member and chair of the National Science Foundation Advisory Panel for Chemistry, an overseer of the Museum of Fine Arts in Boston, a trustee of Wellesley College, a director of Resources for the Future, a member of the Trilateral Commission, and a member of the Governor of Massachusetts Technology and Economic Development Council.

A graduate of Amherst College with a B.A. in history and economics, he earned both a B.S. in chemical engineering and a Ph.D. in physical chemistry from M.I.T. He holds honorary doctoral degrees from Amherst College and the University of Lowell. Mr. Deutch has been a Sloan Research Fellow and a Guggenheim Fellow and is a member of Sigma Xi and the American Academy of Arts and Sciences.

Mr. Deutch was born in Brussels, Belgium, and became a U.S. citizen in 1946. He has three sons, and his permanent residence is in Belmont, Massachusetts.

Senator INOUE. Thank you very much, Mr. Deutch. You indicated that one of the two priorities is to replace the A-6 because it will be taken out of the inventory, I believe by 1999.

Mr. DEUTCH. Yes, sir.

#### JAF DEVELOPMENT

Senator INOUE. How long would it take to develop the JAF?

Mr. DEUTCH. I think that depends upon the development program that one assumes is in place. But it would not be available until about 2010, or somewhere in that time period.

Senator INOUE. So we will need something to carry on for A-6 during that period?

Mr. DEUTCH. Yes, Mr. Chairman. There are a variety of possibilities, as you know, sir. In the fiscal year 1994 program, we have proposed adding some ground attack capability for the F-14 to provide additional interim ability for the carrier-based air.

Senator INOUE. Any comments on the CBO's description of JAF as mixing a Mack truck and a Toyota Tercel?

Mr. DEUTCH. That is a wonderful turn of phrase. I believe that there is more. In the sense that the JAF is intended to be somewhere between having the capabilities of the multirole fighter on the low side and a higher performance airplane on the high side, the JAF is an effort to design a happy mean. Sometimes that is a very good thing to do, sometimes that is mixing too much. But I do believe that the JAF program deserves time to be defined.

Senator INOUE. We have been advised that the Air Force and Navy would favor this option, the third one in this one, to cancel the A/FX and MRF and replace it with the F-22, F/A-18 E/F, and the JAF. Am I correct?

Mr. DEUTCH. I would urge you to speak with representatives of the services. I know it is one of the options that they have been considering, sir. I want to stress from my position, Mr. Chairman, all these options are still on the table.

Senator INOUE. We have been advised that Secretary Aspin, as a result of the issue of affordability, will cancel at least one



TACAIR program. Do you believe that one program should be terminated?

Mr. DEUTCH. I do not go into this review with the notion that any single one or two airplanes should be terminated. I think it is important to define a tactical air program which will cover our needs and one in which the cost is viewed as affordable by the Congress. Whether that implies necessarily a termination of one of these programs or not, I think is still an open question. Most observers would suggest that we have too many airplanes on the table, Mr. Chairman.

Senator INOUE. The F-22, if I recall, was developed to counter thousands of Soviet and Warsaw Pact aircraft attacking NATO Europe. Is there any similar threat that would justify continuation of this program?

#### F-22 CONTINUATION

Mr. DEUTCH. There is no question that our fighters today, especially the F-22 or the F-15, remain able to deal with any threat that we currently face. The F-22 assures us that we will have technical dominance for the next 20 years. But we do not see at this time an imminent threat to our technical superiority in air-to-air fighters, and I hope that continues to be the case, Mr. Chairman.

Senator INOUE. We have been advised that the Air Force contends that the level of survivability in the F-22 is necessary against threats in the next 20 years. Navy says that a plane like the F/A-18 E/F is good enough. Do you think it is logical to say that what is good enough for the Navy is not good enough for the Air Force?

Mr. DEUTCH. Surely, I am not the person to choose between those two wonderful organizations. But I will say that I do think we have to look at the way these fighters will be functioning together. There is more and more discussion between the Air Force and the Navy about how they would enter, as they did in the case of Iraq, and how they would function together. And it is not the case that every capability has to be replaced in each service.

There are some capabilities that are unique to the Navy; that is, the ability to deliver air in places where we do not have access to runways. So it is my view that it is not necessary that the precise capability of these aircraft has to be matched.

There is no question about the fact that the observability signature of the F-22 will be superior to that of the E/F-18, although there will be substantial progress there, and I would regard them both as being highly survivable.

Senator INOUE. To what extent can precision-guided standoff weapons substitute for manned aircraft?

Mr. DEUTCH. Mr. Chairman, I think that is a very important part of the assessment of how much TACAIR we need. I do not believe that one can reach a conclusion about the number of wings, or the number of carrier-based wings, that one needs without looking seriously at the ability over time for standoff weapons, whether they are Tomahawk, whether they are delivered by the available numbers of B-2, or whether they are more precise weapons which allow us to do our mission more effectively. I believe that those are all important considerations.

Senator INOUE. I have many other questions, and I will come back again, if I may, but at this time, it is my pleasure to call upon the vice chairman of the Committee, Senator Stevens.

Senator STEVENS. Thank you, Mr. Chairman. I apologize to everyone. I have to go to a funeral.

#### FFRDC'S

I did have two things to ask Mr. Deutch. One pertains to the FFRDC's. This Committee has urged the Department to reduce the spending for that function. We just heard yesterday that we have got to cut back the Air National Guard in 1994 from the approved level because of funding. And yet I find there is still \$1.6 billion in this budget to get other people to rethink what the Department ought to be capable of doing in the first instance.

Now, it is not a political matter. I have been after this now since I can recall to try and cut down this money. It is a preposterous amount of money to put out into these think tanks just to review plans that have already been made by the Department. Now, can you tell us is there any hope now that with the new administration we can see a change in the funding for FFRDC's?

Mr. DEUTCH. Senator, first of all, let me state to you forthrightly that I have had connections with FFRDC's myself, sir.

Senator STEVENS. I know, at MIT. But you know, there are a lot of others involved out there.

Mr. DEUTCH. Yes, sir.

Senator STEVENS. And some of them are not even educational institutions.

Mr. DEUTCH. I have already asked for a review of our policy with respect to FFRDC's because I know it is a difficult question.

I want to say also that I do not believe that FFRDC's should in any way be insulated from the decline which is happening in all parts of our defense programs. I anticipate that FFRDC's will have a role. They do have a unique role to play; but they are not going to be insulated from the decline which defense contractors, servicemen, or any other part of our Defense Establishment is facing.

I have asked for a review of our policy and what it should be to regulate its size.

Senator STEVENS. Let me say I think the prestige to those involved in these institutions of just being asked by the Department to review Department plans is sufficient remuneration. In most instances, there does not have to be the kind of money spent to get these people to review Defense plans. I think they are honored to have the request, but the concept of this funding, and it is not coming down at all anywhere near the amount that is being brought down in terms of force structure or in actual research and development. I hope the committee will join me again this year and try to reduce them.

#### C-17

My second question is the C-17. That program seems to have been studied to death, almost, and we are still trying to breath life into it. There are indications that the criticism now has gotten to the point with the inspector general, the GAO, the DAB, the Air

Force, the Congress, and I guess now a new group reviewing the C-17, that people want just to put another wake on this aircraft.

And yet as I see the future of the Air Force, we absolutely need the C-17. We either need to do that or we are going to start all over with a brand new version of the C-17, because the 141's are going, the C-5's are going, and by the time we get the C-17 online our whole concept of the mobility of our force is related to the development and a total approval of this aircraft.

Why is it that we constantly review it instead of fixing whatever's wrong?

Mr. DEUTCH. Senator Stevens, I testified yesterday on the issue of the C-17. Let me, if I can, Mr. Chairman, give you a very brief summary. Perhaps I could come back and talk to you more extensively about it. The capsule summary is as follows:

There is no question about the fact that we have a military requirement for airlift. The entire bottom-up review reflects the fact that we must have both an airlift and sealift capability for our military forces to meet the security challenges of the future. No one debates the military requirement here, and we agree with you on that.

The second question is: Although originally designed for another mission, is the C-17 an airplane which can meet that military requirement as it exists today with the different changes that have taken place in the world?

I am informed by the Joint Staff and by others that indeed that airplane can do it.

The third question is: How much confidence can we have in how that program is progressing currently?

Many people say that the program is making progress and that it has turned the corner. After very careful and lengthy study of the program, it is my conclusion that the program has not turned the corner. There are still many technical, managerial, contractual, and financial subject matters to be resolved before this becomes a healthy program.

Secretary Aspin, Deputy Secretary Perry, and I are very eager to say two things about major acquisition programs. No. 1, we are candid about what we think about those programs. No. 2, we are accountable for what we say will happen in terms of schedule and cost.

Today, I have no confidence in being able to inform you about the schedule and costs of the C-17 program. Accordingly, we decided to take a three-part approach to put the program back on track because it is a needed airplane. I have instructed the Air Force to take certain actions. I have written a letter to John McDonald asking for his cooperation in another set of actions. We have also formed an outside group to do a thorough scrub on every aspect of this program with respect to technical, managerial, financial, and contracting issues.

We need that airplane. The issue is—are we going to get it at anything like a reasonable cost and on a reasonable schedule?

Today, I am not convinced that there has been the commitment that is required to make that airplane work and to have a successful program.

Senator STEVENS. Well, my last comment, and it is not a question is, you know, when I was in the State legislature, when we wanted to kill something, we referred it to about 13 committees. That happens here too. Now, it does seem to me that this has been referred to so many different types of investigations, someone over there is trying to kill it.

I do not have any problems with the inspector general, and I think he has statutory responsibility, but these continued reviews that tie down the people that ought to be working out the problems in trying to find out what went wrong in the past, I do not think are going to help us push this plane into the future.

And as I look at it, and I talked to people in the Transportation Command, there is no alternative to it. Our current plans will have to be changed if you do not keep the C-17 on schedule. And it will be at severe cost to us in terms of force structure. We have to have that transportation capability, as I understand it, to have the mobility of our troops.

Now, I can only just urge you—I have no parochial interests, none of this is built in my State—I have nothing involved other than the real feeling that during our watch this plane has to come on line. If it does not come on line, we have to rebuild our forces and start stationing some more in different places around the world.

Now, that cost is something the taxpayers do not want to face, and this plane can work. I believe it can. And I think that people in the Department that have dealt with it feel it is a good, basic design and it has the capability to provide for our needs, in terms of transportation.

I would hope that you would find some way to consolidate these reviews and these investigations and go on with this project. It is the redundant reviews that have caused a severe questioning of whether it is the proper plane. You said you believe it can do the job, did you not?

Mr. DEUTCH. The airplane can do the job, if it is built on time and on cost; yes, sir.

Senator STEVENS. Good.

Thank you very much.

Senator INOUE. Thank you.

Senator Domenici.

Senator DOMENICI. Thank you, Mr. Chairman.

#### DEFENSE BUILDDOWN

Secretary Deutch, I knew you in another iteration of your public life, and I thought that was a tough job over there in the Department of Energy, but you have really taken on one now. It would have been interesting when we were building up, now it is a very special kind of job when we are building down, and I commend you for undertaking it.

I have a couple of observations regarding this. The easiest thing for us, in a builddown period and in a period when we are trying to cut other parts of our Government, is to take money away from procurement. Because it does not lay off men that we understand are being laid off—men and women—because they are not directly in the military.

It is pretty hard for some economist to tell us how many people downstream are being laid off. So it is sort of a grab bag, until you get down to a point where you are really getting to muscle. And some of us are convinced that our tactical air superiority is dependent upon having a significant amount of procurement for the future and research and technology for the future on board and being paid for in an understandable, regular manner—not willy-nilly. You cannot turn this kind of a technology and science and manpower off and on, depending upon a whim.

So, in your bottom-up review, I urge that one of the things you seriously consider is to maintain a level of procurement and technology funding such that you keep together the technology and design teams and the industrial capacity. If you can do that, you are going to be a borderline magician. Because the American economic system, once the war is over, tends not to really want to maintain this technical competency. We just sort of think it will blossom up again some day. And, frankly, it is very hard to put together.

My second observation is, if you are looking at the C-17 as part of an overall review and a bottom-up review on procurement along with it, I urge that you not shy away from looking at our own procurement rules to determine whether or not they are inhibitors to getting the job done in a timely manner. I am absolutely convinced that we have built procurement rules and regulations in layers, and that many American businesses would not undertake any defense work if they had another bit of work they could do without the regulations.

I mean I have talked to some businessmen. And they wish they could just get out of it. It is so complicated. It is so onerous. It is so filled with bureaucracy. We do not know what we are doing and neither does the Defense Department.

So I urge you try to streamline procurement along with this. And, last but not least, you must recommend strongly that there be some multiple-year funding for procurement. It just cannot be subject, literally, to an every-year review or we will never accomplish what you want for the price you want.

#### NEW MEXICO HUM

Now, having said that, I would like to ask a couple of parochial questions. One is not necessarily on the subject at hand, but you are at the subject at hand today. You know about this, so I will ask you. Representative Richardson in New Mexico was first told about a phenomenon in northern New Mexico around the community of Taos that has now become known kind of nationally as the New Mexico hum.

Now, there are a lot of different people looking at this, asking, Is the hum real? And, second, if it is, where is it coming from? And I would like you to tell us in a public statement here whether there is anything in the defense of the United States in the entire arsenal that could be contributing to this hum from the standpoint of any kind of defense program? Have you looked into that, and would you tell us, please, on the record?

Mr. DEUTCH. Senator, I have looked into it. You have requested me to look into it. I have been diligently trying to determine whether there is any Department of Defense activity in any of its many,

many different forms that could be the source of the hum; and I am assured that there is nothing in the State of New Mexico—or anywhere else—which would be the cause of this hum.

There is just no way that I can imagine that there is a Department of Defense activity which is leading to the hum.

#### ELECTRONIC JAMMING

Senator DOMENICI. Now, more to an issue that is within your bottom-up review. Under Secretary, General McPeak testified before this subcommittee on April 28, and stated that he feels it is necessary to leave both the Air Force and the Navy with as much electronic jamming capability as we can afford.

Now, I hope I am not catching you by surprise on this issue. And if I am, just tell me you will look into it. But, in particular, he argued that we should not strip away from the Air Force their attack package, the escort jamming capability that is provided by the EF-111A. Can you tell us what your views are on this issue and is it part of the bottom-up review?

Mr. DEUTCH. I will have to get back to you for the record on that, Senator. My own view is that electronic warfare is a very important part of the Air Force's capabilities, but I cannot speak to the EF-111.

Senator DOMENICI. Versus the Navy's A-6?

Mr. DEUTCH. I will have to get back to you on that, sir.

Senator DOMENICI. I would appreciate your doing that and informing the committee. Obviously, it is not just for me.

Mr. DEUTCH. Yes, sir.

[The information follows:]

#### ELECTRONIC SUPPORT AIRCRAFT

Both the Air Force EF-111A and Navy EA-6B are key parts of our joint attack capability. Both aircraft are capable of standoff and escort jamming, and both will be periodically updated to be effective against the evolving threat. The primary differences involve the higher speed afterburner performance of the EF-111A and the unique carrier suitability features of the EA-6B. In addition to the jamming role, the EA-6B also fires the High Speed Anti-Radiation Missile (HARM).

The importance of the electronic attack to strike package survivability is illustrated in the April 1993 Tacair Report to Congress, which you have seen. We have both types in relatively small numbers. The Bottom Up Review will look at this capability as a part of the total force structure requirements.

Senator DOMENICI. Thank you very much.

And thank you, Mr. Chairman.

Senator INOUE. Thank you.

Senator BUMPERS.

Senator BUMPERS. Mr. Chairman, first of all, I want to welcome Secretary Deutch to his new position. Like Senator Domenici, with whom I serve on the Energy Committee, we have known John Deutch for a long time and we have always had a great respect for him. And I think he will do a great job in this position.

#### F-18C/D TRAINERS

Mr. Secretary, I will be very brief. No. 1, are any of the F-18-C/D trainers, of the 36 you are proposing for 1994, are any of those trainers?

Mr. DEUTCH. I will have to get back to you on that, sir.

Senator BUMPERS. OK.  
[The information follows:]

#### F-18 TRAINERS

The fiscal year 1994 budget for F-18C/D procurement includes four two-seat D models. The service has identified them as trainers, but the aircraft are fully combat capable, and could be assigned to either replacement training squadrons or to combat units.

Senator BUMPERS. What are we paying for F-18's now?

Mr. DEUTCH. I am not sure. It depends on what you are including in the fly-away costs.

Senator BUMPERS. Well, take the fly-away cost of the C/D. I think it is around \$35 million.

Mr. DEUTCH. That is what I would have guessed. But I want to make sure that I give you an accurate number; \$35 million is what I would have guessed.

#### AIRLIFT REQUIREMENTS

Senator BUMPERS. Second, I want to say that I am not necessarily on Senator Stevens' bandwagon on the C-17. I agree with almost everything he has said about the necessity for airlift. Obviously, we need it and need it badly. And the C-17, according to its specifications, would fulfill a crying need we have. But I am not for buying that plane under any and all circumstances.

Frankly, I was pleased to see the story in this morning's paper about the fact that you have told McDonnell-Douglas, essentially, that our patience is not unlimited. As you correctly point out this morning and based on the information I have had, they have not turned the corner. I am willing to grant them considerable latitude, but I am not willing to continue building that plane at any cost.

Could you give the committee any kind of an idea right now what kind of cost we are looking at per plane?

Mr. DEUTCH. I think we are looking at a cost per plane, again, defining what we mean by fly-away and all that, in excess of \$300 million an airplane.

#### C-17 COST ESTIMATES

Senator BUMPERS. What were we looking at when we started into the C-17 program?

Mr. DEUTCH. Let me get back to you with a precise answer, but I would say something around \$100 million, maybe a little less.

[The information follows:]

#### C-17 COST ESTIMATES

The table below provides the following cost estimates of the C-17 program: (1) the first estimate, at the beginning of Engineering and Manufacturing Development, in December 1985, for 210 C-17s, (2) the last estimate for the 210 quantity in December 1989, (3) the first estimate after the reduction in production quantity to 120 C-17s in September 1990, and (4) the most recent estimate of December 1992. Costs are provided in constant fiscal year 1981 dollars as well as current (also called then-year) dollars. The total quantity of aircraft planned and the quantity appropriated through fiscal year 1993 are indicated for each estimate. The reduction in total number of aircraft and production rate (as indicated by quantity through fiscal year 1993) is partially responsible for the increased unit procurement costs. Additionally, the different current dollar estimates have varying inflation factors.

## C-17 COST ESTIMATES

	Dec. 1985	Dec. 1989	Sept. 1990	Dec. 1992
Total quantity .....	210	210	120	120
Quantity through fiscal year 1993 .....	71	52	30	20
Costs in millions of constant 1981 dollars				
Cost element:				
RDT&E .....	2,879.8	3,755.5	3,875.3	3,925.5
Procurement .....	16,684.2	18,425.7	13,256.0	17,295.5
MilCon .....	112.5	214.1	160.8	192.5
Total .....	19,676.5	22,395.3	17,292.1	21,413.5
Unit procurement .....	79.4	87.7	110.5	144.1
Costs in millions of current 1981 dollars				
RDT&E .....	4,053.4	5,340.9	5,542.2	5,632.6
Procurement .....	30,239.7	36,092.9	25,447.2	33,516.1
MilCon .....	192.3	378.1	276.8	327.4
Total .....	34,485.4	41,811.9	31,266.2	39,476.1
Unit procurement .....	144.0	171.9	212.1	279.3

Senator BUMPERS. Now, we are up to about \$300 million?

Mr. DEUTCH. Yes, sir.

Well, part of that is a reduced buy.

Senator BUMPERS. Yes.

Mr. DEUTCH. So you cannot put it all on their shoulders, but there is no question that a good deal of it is on their shoulders.

Senator BUMPERS. Well, these are terrible options we face on that plane. I mean we have sunk a bundle of money into it. And to cancel it at this stage, of course, we would be throwing an awful lot of money down the toilet. By the same token, we are going to throw a lot more away if we continue building it.

Have you thought about, considering the need for airlift capacity, what our alternatives are?

Mr. DEUTCH. Senator Bumpers, first of all, yes, we have. There will be a cost if other options, less attractive though they may be, turn out to be the most prudent way to go. We have underway a full cost and operational effectiveness analysis, which is looking at different alternatives to the C-17. There will be a moment when, if the cost of the C-17 continues to go up, one of those other alternatives will look like it is a more attractive way to do the job for the dollars required.

The results of that study will be available in August and will be considered in the August Defense Acquisition Board that I chair.

## C-17 PROGRAM

Senator BUMPERS. When were we originally supposed to—not originally—but even last year, we were supposed to get the first plane in the air at some point. When was that, do you remember?

Mr. DEUTCH. There have been considerable slips in that program. We have just recently had some slips on the later articles; that is, articles 2, 3, 4, 5, and 6. Again, I want to be accurate and get back



for the record, but I would say there has been a slip of 2 years in the delivery of some of these airplanes.

[The information follows:]

#### C-17 SCHEDULE SLIPS

The table below compares the contract scheduled delivery dates for Lots I and II production aircraft with actual deliveries.

#### C-17 DELIVERY SCHEDULE

Aircraft	Contract	Actual	Slip (months)
P-1 .....	Feb. 28, 1992 .....	May 18, 1992 .....	3
P-2 .....	Dec. 31, 1991 .....	June 21, 1992 .....	6
P-3 .....	Mar. 31, 1992 .....	Sept. 7, 1992 .....	5
P-4 .....	July 31, 1992 .....	Dec. 9, 1992 .....	4
P-5 .....	Oct. 31, 1992 .....	Mar. 12, 1992 .....	4
P-6 .....	Dec. 31, 1992 .....	June 10, 1993 .....	5

NOTE.—2108 contract modification P00384, July 30, 1991.

Slips against the current contract schedule have ranged from three to six months. Initial contract deliveries for these aircraft, established in 1988 and 1989, were scheduled approximately one year earlier than those shown in the "Contract" column in the table. Subsequent contract modifications resulting from contractor caused delays, a decrease in the total number of aircraft to be produced, and changed congressional appropriations caused the schedule to be revised.

Senator BUMPERS. We still do not have one in the air, do we?

Mr. DEUTCH. Yes; I think we do have some in the air, sir. There are some which are taking part in a test program under restricted flying conditions.

Senator BUMPERS. Is the biggest problem with this, cost overruns, combined with meeting the specifications for the plane?

Mr. DEUTCH. Well, I would point to two main problems. I did in my testimony yesterday. The first is one of these inevitable results of an inappropriate fixed-price development contract. The fixed-price development contract is entered into by a contractor at a time when it thinks a certain job can be done, and the Government thinks a certain job can be done for a given amount of money.

When they exceed ceiling, and in the case of the engineering and manufacturing development part of this contract, they have exceeded ceiling by \$1.1 or \$1.2 billion. In such a circumstance, it is very hard for the contractor to have an incentive to carry out the work which still remains to be done. They spent a lot of time worrying about claims, as opposed to carrying out work. That is one point I would make.

The second point—this may be an unpopular point, but it is one which I believe—is that I think that McDonnell Douglas has been slow at recognizing the technical, managerial, and financial requirements needed to make this a successful program. That is my own judgment, based on a lot of study and a lot of consultation with people who are real experts at building airplanes.

Senator BUMPERS. Well, now, is it too dramatic to say that you have given them until August to get their act together?

Mr. DEUTCH. That is not.

Senator BUMPERS. That is not too dramatic?

Mr. DEUTCH. That is it, straight.

Senator BUMPERS. That is exactly what you have said.

Mr. DEUTCH. That is exactly what I have done, yes, sir—what I intended to do and I have tried to do; yes, sir.

Senator BUMPERS. Fine.

Well, McDonnell Douglas is a good company. They are good defense contractors. I wish them well, and I hope they can get that program on track.

Mr. DEUTCH. So do I. The country needs that airplane, sir.

#### AFX PROGRAM

Senator BUMPERS. Now, can you tell us right now what you expect the first AFX's to be flown away, what kind of cost we are looking at on the AFX?

Mr. DEUTCH. Again, a definition of cost, it is in the vicinity of \$100 million—\$90 to \$100 million.

Senator BUMPERS. I have heard figures much higher than that, Mr. Secretary. Is there a possibility that the figure could be much higher?

Mr. DEUTCH. Yes, Senator, there is.

#### TACAIR COSTS

Senator BUMPERS. Well, TACAIR is becoming a very expensive project, is it not?

Mr. DEUTCH. Yes, sir.

Senator BUMPERS. As much as \$150 million per plane?

Mr. DEUTCH. I could not speculate on that. I just have observed, as you have, sir, that at this stage in the development of airplanes, their costs tend to go up and not down. So I think the current estimates are as prudent as they can be at this stage. I cannot speculate on how far they might go up.

Senator BUMPERS. Mr. Secretary, finally, it is very difficult to know where we are going with our carrier forces. The Defense Department, I think, is probably going to stick with 12. I do not know. I frankly think that fewer carriers than 12 would be in order.

They are very expensive and yet in times, even right now, the Bosnia crisis, if I were the President I would be steaming another carrier into the Adriatic, if for no other reason to put pressure on the Serbs.

And they are a wonderful thing at times, during Desert Storm or something. But they are also very expensive. And if you are considering fighting two and one-half wars or maybe three wars, you might need 12. But even for Desert Storm or Bosnia or anything that I can see in the future, 12 carriers seems excessive to me.

#### CARRIER/AIRCRAFT REQUIREMENTS

Now my question really deals with TACAIR, because that is what we are here for. What I want to do is to make sure we are building planes to man the number of carriers we are going to have. And I would like to be sure that we are going to keep those in sync.

Mr. DEUTCH. There is no question that a central part of this bottom-up review of TACAIR is to assure that the mission we expect the carriers to perform, the number of carriers that we commit to

in the future, and the kind and number of airplanes are all in harmony. And that is a very simple part of this study.

So when we come forward with a recommendation, we will have in mind the number of carriers, the kinds of airplanes that will go on the carriers, and the numbers of airplanes that are required for those carriers, sir.

Senator BUMPERS. Now the E/F—the F/A-18E/F is going to have an air-to-ground capability?

Mr. DEUTCH. Yes, sir.

#### F/A-18'S

Senator BUMPERS. How many F/A-18's do we have in inventory now?

Mr. DEUTCH. I would have to add that for the several hundred, sir, several hundred C/D's. I do not have a number in my head on that subject, sir. Several hundred.

Senator BUMPERS. Well, let me say this. I applaud—first of all, I think it is a fine airplane and I applaud the conversion of it to both an interceptor and having a ground-attack capability.

How much more is that plane going to cost us than the current C/D models?

Mr. DEUTCH. It is estimated on the size of the buy. If we said that the C/D's were costing about \$35 million apiece, I think the E/F estimate is about \$42 million apiece.

Senator BUMPERS. Well, now, I could live with that. That does not sound nearly as gross as I was afraid it was going to.

Mr. DEUTCH. Right. Now, I want to mention again that we have to make sure that we have the same basis for the costing of the airplanes. I notice if you take fly-away costs and all that, you get a different number. So again I would like to give you, for the record, the correct numbers which compare them both.

Senator BUMPERS. Will you do that for me, please?

Mr. DEUTCH. Yes sir; I will.

Senator BUMPERS. I do not know whether the committee wants it or not, but I would like to have—

Mr. DEUTCH. I would be happy to provide it to you, sir.

[The information follows:]

#### F-18 INVENTORY AND COSTS

The following figures reflect comparisons of the F-18C/D and E/F models, based upon a production run of 1,000 aircraft, and using constant FY92 dollars:

	F/A-18C/D	F/A-18E/F
Average recurring flyaway cost .....	\$26,600,000	\$39,000,000
Average total flyaway cost .....	37,900,000	43,500,000

#### AIRCRAFT CARRIERS

Senator BUMPERS. Thank you, Mr. Chairman.

Senator INOUE. Thank you very much. I was very interested in your discussion on carriers.

If we may depart from the present issue, is it not true that in Desert Storm six carriers were deployed there, operational?

Mr. DEUTCH. I was not a member of the Government at that time, sir, but I would think there were a lot of carriers out there, yes, sir.

Senator INOUYE. I believe I am correct.

Mr. DEUTCH. Yes, sir.

Senator INOUYE. At that time, and under the present plan of the administration, one carrier would at all times be assigned for training?

Mr. DEUTCH. I believe that is correct, sir.

Senator INOUYE. About three carriers would be constantly in transit to and from missions?

Mr. DEUTCH. Without special circumstances of having them tethered at different places, the answer is "Yes."

Senator INOUYE. At least one would be in dry dock?

Mr. DEUTCH. Yes.

Senator INOUYE. So that is—if we had another Desert Storm, you would need a minimum of 11. We cannot always count on only one Desert Storm.

Mr. DEUTCH. I think it is the latter point, Mr. Chairman, which is really at issue. How many major regional contingencies are you planning for at the same time? It is precisely the calculation that you are describing that is under discussion and deliberation now. The number of major regional contingencies turns out to be very important as does where they are and, indeed, the order in which they arise.

If you have something in the Pacific, it takes a long time to move your carriers there. If something then happens closer by, it is hard. The order is very important.

These issues are being analyzed in order to determine the number of carriers needed in the range of 10, 11, 12. That is under discussion, sir.

Senator BUMPERS. Mr. Chairman, pursuing the carrier line of questioning, Mr. Secretary, we have a carrier that has just come on stream, have we not?

Mr. DEUTCH. Yes.

#### AIRCRAFT CARRIER COSTS

Senator BUMPERS. What is the cost? What did we pay for that one?

Mr. DEUTCH. I will have to get back to the record.

Senator BUMPERS. Just the carrier itself.

Mr. DEUTCH. I would guess in the range of \$3 billion.

Senator BUMPERS. Now we have a new one under construction. At least we have appropriated money for the long-lead items on it.

Mr. DEUTCH. Yes, sir; that is right.

Senator BUMPERS. And what do we anticipate that carrier is going to cost?

Mr. DEUTCH. I think approximately \$4.3 billion including long-lead items.

Senator BUMPERS. And what is the annual operating cost of the carrier?

Mr. DEUTCH. \$1 billion is a guess, sir.

Senator BUMPERS. \$1 billion a year?

Mr. DEUTCH. Yes, sir; I will get back to you with correct numbers here, if that is all right, sir.

[The information follows:]

The billion dollars I mentioned is the projected operating cost of the entire carrier battle group including the air wing, escort combatants, submarines, and support and replenishment ships. The projected annual operating cost of the carrier alone is \$225 million (in fiscal year 1994 constant dollars) including the cost of refueling annualized over the 45-year life of the carrier. Similarly, the projected annual operating cost of the carrier's air wing is \$250 million (in fiscal year 1994 constant dollars). The air wing cost is dependent on the composition of aircraft in the wing, as is the cost of the battle group to the number and types of escort ships in the carrier battle group.

Senator BUMPERS. So, while I share the chairman's concern about how many carriers we are going to have and certainly, he is absolutely correct in everything he said, if we could get by with 10, you are not talking about bean bag savings, either, and annual operating costs plus the costs of the carrier itself.

Mr. DEUTCH. Well—

Senator BUMPERS. You do not have to respond to that. I am not—

Mr. DEUTCH. Thank you, Senator Bumpers.

Senator INOUE. Well, we are discussing something here that would suggest that if we took a carrier out, you would have to replace it with something to provide power projection. Is that not correct?

Mr. DEUTCH. That is correct, sir.

Senator INOUE. So as far as savings, it might not be savings. Or there might—

Senator BUMPERS. Do you want to hear this debate continue? Just keep your seat, Mr. Secretary. We will continue this debate up here.

#### POWER PROJECTION/FOREIGN POLICY REQUIREMENTS

Mr. Chairman, the debate on defense spending has always been and will always be, how much is enough. And it is our job, yours and mine, to decide what our foreign policy is, what it is likely to take to carry out that foreign policy and what will it take to project power to take care of any possible contingency we can foresee.

Now we are not the kind of gurus—we do not always know precisely how much of anything we are going to need, how many TACAIR we are going to need, how many Navy planes we are going to need, and how many aircraft carriers we are going to need.

I would submit that the outcome of Desert Storm would have been precisely the same if we had had 10 carriers in our inventory rather than 12 or 13.

Now sometimes the reason—I will be frank with you. One of the reasons the national debt threatens to put the economy of this Nation in the toilet is because, among other things, the massive defense buildup of the 1980's, which was absolutely unnecessary; as a matter of fact, at times ridiculous.

And what we did was not build in redundancy. We built in unbelievable excess for no tangible reason or logical reason that I have been able to ferret out. And nobody in the U.S. Senate ever wants our forces to be short in the ability of carrying out any order the President gives them.

By the same token, I am not going to vote any time for what I consider absolute unnecessary excess just in order to accommodate somebody's macho feelings around here. We all deal with the same problems. And every one of us want enough but no more.

And we are talking about a national debt that is a lot more threatening to us and has been for as long as I can remember, a much greater threat to us than the Soviet Union ever was. And so now we are confronted with dealing with it, and as I said, this is only one facet of dealing with it and that is defense spending, but it is a big one.

That is my sermonette, Mr. Chairman.

Senator INOUE. Well, I concur with you, sir. We are trying to decide what is enough, and that is a big problem. As you know, I have joined you in many efforts to cut down costs and I will continue to do so.

But I am just reminded that in January 1990, which was 8 months before Desert Shield, we were prepared to retire General Swartzkopf and do away with the central command, because peace was upon us in the Middle East.

I would say that a year ago, very few Americans were aware that there was a place called Bosnia. Now Bosnia is on the lips of every American. Are we sending our men and women there or are we not?

I do not know what will be the new country next year, but if I know world history, there'll be another country next year and another one the following year. Next year it may be Korea. After that it could be Pakistan. I do not wish to bring down the defense to the point of June 25, 1950.

If we ever reach that stage, then we have problems. Apparently in the history of the United States, we are inclined to do that after every major encounter.

I can still remember the George Washington's continental army from 30,000 came down to 80, 80, zero. A year before December 7, our military consisted of less than 400,000. So these are difficult problems we have before us and we try our best.

#### TACAIR PRIORITY LIST

I am going to work with my friend from Arkansas. Now you came forth with eight conditions that you will apply in the evaluation of TACAIR in the bottom-up review. Were these listed in any priority system, because you started off with contingency, then the composition of the fleet by type of aircraft, and third the age of the aircraft to be replaced, protection of industrial base, new technologies, standoff weapons, acquisition projects, et cetera.

Is that any priority list?

Mr. DEUTCH. Well, Mr. Chairman, I will admit this is a list that I wrote down myself with my own hand and I wrote as the ideas occurred to me.

Senator INOUE. Oh, I see.

Mr. DEUTCH. I regard these as important considerations. I would not say they were in priority order. I think they are all pretty significant.

Senator INOUE. Senator Bond?

Senator BOND. Thank you very much, Mr. Chairman. And I would certainly concur with your analysis that we need to trim wherever possible and cut down on the size of military spending where it is prudent to do so.

#### THE THREAT

You have noted, I think quite properly, how we have faced threats recently and sometime in the past. I think it is only fair to note that during the 1980's, we saw the disappearance of the Soviet Union and the Warsaw Pact, which at least to me regarded as a diminution in the threat to the United States. And I do not think it is accurate to say that our military buildup had nothing to do with that.

Now that it is gone, I think that we have to look at other challenges and other contingencies and I was necessarily absent for a few minutes and missed your very interesting testimony.

#### F-22 CAPABILITIES

But I had notes on it in which you responded to the chairman that the F-22 has tremendous capabilities, but we do not see any specific potential threat which would be of a significant challenge to our current fighters. And if that is so, the obvious question is, Could we not think about delaying the F-22?

Mr. DEUTCH. Senator Bond, the remark I was trying to make was that the F-22 will provide continued technical dominance in our air-to-air fighters. Some of the options under consideration—in the view graph in front of you—I think do include not continuing with the F-22. It is one of several options which are on the table.

#### BOTTOM-UP REVIEW TACAIR OPTIONS

- Cancel F-22 & A/F-X
  - F/A-18E/F, F-22+ or A/F-X+ & MRF
- Cancel A/F-X, F/A-18E/F & MRF
  - F-22 & JAF
- Cancel A/F-X & MRF
  - F-22, F/A-18E/F & JAF
- Cancel F-22, F/A-18E/F & MRF
  - A/F-X & JAF
- Cancel F-22, A/F-X, F/A-18E/F & MRF
  - F-22+ or A/F-X+ & JAF

Senator BOND. The second question, in the budget there is a request for \$914 million to continue purchases of the F-16 aircraft. All indications are the Air Force did not request those aircraft and specifically offered to terminate the procurement. I understand that they are awash in F-16's, which were needed at the time we thought we might have to face a very significant number of challenges.

At the same time, General McPeak, before this subcommittee, said that for attrition, he could use more F-15E's. General Lohe has made similar statements to the press.

And I wonder why we are continuing purchases of the F-16's when the Air Force said we do not need additional ones? Are we going to wind up parking relatively new planes in the desert?

## F-16

Mr. DEUTCH. I do not believe that is the case, Senator Bond. I do think that there is a production issue at the F-16 line. It is important to make sure that that industrial base remains in place.

There are many different views about F-16's. The Secretary is convinced that they are needed in the 1994 budget.

Senator BOND. The Secretary has said that the bottom up review will include a comprehensive look at all possible scenarios. There have been a lot of discussions of alternatives about TAC aviation.

## F-15E

But one aircraft that I have not heard mentioned was the F-15E. As part of the bottoms-up review, are you considering the possibility which was suggested to this committee as an alternative, of purchasing the F-15 to fill the expected shortfall in interdiction aircraft, to provide for attrition, and also as a way of maintaining our defense industrial base?

Mr. DEUTCH. Senator, I think that the F-15E as a major aircraft for the next 20 years is not under consideration in the bottom-up review.

When we get to a particular option and look exactly at the number—the years and the sequencing—there might be some role for additional F-15E's. But I would not regard it as one of the principal new aircraft that is under consideration in the bottom-up review.

Senator BOND. Granted it does not have some of the advanced capabilities of the F-22. But from what I have heard, it is still the finest fighter aircraft that we have got going. If we have to delay the development of new aircraft, are you talking about continuing to incorporate new technology, new breakthroughs, is there a good reason why—and I am not advocating it at this point because we have got a lot of other options on the table, but as you consider those options you should not consider, as a possibility, that this could fill a hole, fill a space until you have the next generation stealth aircraft coming up?

Mr. DEUTCH. It certainly could fill a space if there was a large gap or a large delay in some of the newer fighters which have low observable characteristics. It certainly could fill a space in the near term.

Senator BOND. Well, then, would that not be a reasonable option at least to consider in the bottom-up review?

Mr. DEUTCH. Yes; it would, Senator.

Senator BOND. I would appreciate it if you would. I think that might give us another option to consider.

## F-14 UPGRADES

I was also interested in the Navy's plan to upgrade 210 existing F-14 aircraft to give them air-to-ground capability. It is my understanding that behind this idea was giving longer strike capability



than the F/A-18C has, to replace some of the lost A-6's. At the same time I have heard many people, including pilots, raise concerns about the limited capability of the upgraded F-14's, their age, the tremendous projected O&M costs, the fact that they require two operators.

And most importantly, the vulnerability to ground attack, particularly from surface-to-air missiles with all the stuff they have on the outside. They used to be going after the Soviet bombers. Now there are some pilots who say they sure would not want to fly them over a beach with SAM's.

Are these valid concerns and are there alternatives to that 14?

Mr. DEUTCH. Senator, the upgrade of the F-14 is something to give us capability today. It is not looked at as a major solution for the long term. Ground attack capability of the F-14 in a proper combat situation could be very, very helpful indeed, and that is the reason why it is being proposed.

#### A-6 REWING

Senator BOND. Well, would rewinging an A-6 give you better capability at less cost?

Mr. DEUTCH. I do not think it would at less cost, sir.

Senator BOND. With less vulnerability?

Mr. DEUTCH. I doubt it would be at less vulnerability.

Senator BOND. I have heard questions raised about that.

Mr. DEUTCH. Senator, I am sure that reasonable people can differ on these issues.

#### C-17

Senator BOND. I want to conclude with a couple of comments. I know we did not come here to talk about C-17, but since that has become a subject of discussion I would build on Senator Stevens' comments by pointing out that General McPeak has come before this committee and said that we have to have it. I know that General Fogelman has said he must have the C-17. The Army Chief of Staff, General Sullivan, said he must have it for the Army.

And contrary to what was stated a little bit earlier, there have been four or five aircraft in the air. Let us see, I believe it was on January 30 and 31, a C-17 with a payload of over 160,000 pounds on 1 day, on Saturday flew from Edwards to Eglin Air Force Base, and the next day from Eglin to Edwards. As of early January, the C-17 had flown over 250 missions that logged more than 890 flight hours.

I believe that the stress problems with the wing which were identified in the static test have been corrected by the addition of a strip. Last week I understand another test milestone had been met, including airdropping of heavy equipment. The first operational C-17 is planned to deploy in South Carolina this year.

And I can tell you that the C-17 has the undivided attention of the very top officials of McDonnell-Douglas. Their reputation is riding on this plane. They have made commitments. They have made the changes. The airplane is on schedule. I think it was General McPeak who said we ought to hunker down and stop talking

about it, and I am beginning to think that we have got more of a PR problem than a production problem with the C-17.

I would hope that we could confine the inquiries and studies to the point where they are not hindering the effective development of the plane, and say that this aircraft is working, it is meeting the milestones, and we have to have it, so maybe we ought to get the discussion out of the press and back onto the production floor.

Mr. DEUTCH. Yes, sir.

Senator BOND. Mr. Chairman, I thank you very much and I thank the witness.

Senator INOUE. Thank you very much, Senator Bond.

Mr. Deutch, what we have been discussing is obviously complex, and as a result may be a bit confusing for us on this side. But we have to make decisions and at this point I would like to make an observation.

#### SUBCOMMITTEE RESPONSIBILITIES

This subcommittee has a staff of 10—8 professionals and 2 secretarial—and we have to handle a budget of \$253 billion. The issues and subject matters range from carriers to pay raises and everything in between—health of personnel, dependency allowances, trucks, M-1A1 tanks, and B-2 bombers, et cetera.

As a result, we have to depend upon your Department for assistance. It is a strange thing to be asking a department for assistance, when you are the ones we are looking over, so we have one from the Air Force today, a detailee from the National Guard, and I believe from the Comptroller's Office. So that just shows you the difficulty we have here. This is the expert level—seven professionals with different assignments.

On TACAIR we obviously have two assigned to this issue. So we will have to work very closely if we are to come out with anything sensible or rational. As I said, decision time is upon us. We would like to make the right decisions.

We thank you for your assistance this morning. Your responses have been most informative, but at times perplexing, but I think we can work it out. So thank you again. I know it is your first, but we will see a lot of you, sir.

Mr. DEUTCH. Thank you, Mr. Chairman.

#### ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

#### SUBCOMMITTEE RECESS

Senator INOUE. The subcommittee will stand in recess until 10 a.m., tomorrow morning when we will meet in this room to receive testimony on personnel matters.

[Whereupon, at 12:03 p.m., Wednesday, May 12, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, May 13.]

# DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1994

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THURSDAY, MAY 13, 1993

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10:10 a.m., in room SD-116, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Stevens, Specter, and Domenici.

## DEPARTMENT OF DEFENSE

### ENLISTED PERSONNEL ISSUES

#### OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. This morning the Defense Subcommittee turns its attentions to the issues of DOD manpower and, in particular, the issues facing enlisted personnel in the military services.

Appearing before us to discuss these issues are Sgt. Maj. of the Army Richard Kidd, CMSAF Gary R. Pfingston—

Sergeant PFINGSTON. Yes, sir.

Senator INOUYE. I got it. MCPO of the Navy, John Hagan, and Sgt. Maj. of the Marine Corps, Harold G. Overstreet.

This hearing comes at a time of great change within the Department. On one hand the United States has built military forces second to none in the process of winning the cold war. As a result, the United States is the sole remaining superpower and has indisputably the finest military in the world.

During the past several years this fact has been proven in operations around the world, including Panama, the Middle East, and Somalia. These accomplishments are due in large part to the skill and dedication of the men and women in uniform.

On the other hand, the collapse of the Soviet Union has caused the Nation to reevaluate how large its military forces should be. Consequently, the Congress and the Department have embarked on significant downsizing and restructuring of our military forces.

Thus, we now risk the erosion of this fine military. To put it plainly, some of the men and women in uniform, on whose dedication we have relied, have lost their jobs. The proposed DOD budget for fiscal year 1994 continues this trend. By year's end, the Department plans to have over 550,000 fewer people in uniform than it did in fiscal year 1987.

The number of troops stationed overseas has been cut back substantially. In fiscal year 1990, 314,000 members of the military were stationed in Europe; 160,000 will be stationed there by the end of this fiscal year. And we are on a path to reduce this to 100,000 by fiscal year 1996.

The challenge we now face is how to maintain forces of sufficient size that are well trained, well equipped, and ready to perform in defense of this Nation. It is critical to address this problem, not just from the standpoint of dollars and equipment, but also from the standpoint of soldiers, sailors, airmen and marines, how they and their families have been and will be affected by changes confronting them.

Whereas I have said many times before, it is our men and women in uniform that are the core of our military capability. I am concerned about many issues which may affect the United States' ability to maintain the morale of its troops, and consequently, the readiness of its forces.

As we reduce the size of the military and the supporting infrastructure to match the threats we now face, we cannot forget the human side of the equation. As the drawdown continues, military communities have lost or are losing health clinics, dental clinics, counseling facilities, and many other recreational facilities.

My concern about these issues can be summed up in several questions. Is the level of compensation in terms of both pay and quality of life for military personnel fair and equitable, given the risks and sacrifices inherent to military services? Have we created an environment that will foster the continued effectiveness of an All-Volunteer Force? Can the Department continue to recruit and retain the skilled personnel required for a vibrant, effective force? Does the Department provide opportunities equally for all of its personnel?

So I am eager to hear your views on these concerns. All of you have submitted to us prepared statements and I will assure that these have been already made part of the record.

But before we call upon you, may I call upon my vice chairman of the committee, Senator Stevens.

#### OPENING COMMENTS OF SENATOR STEVENS

Senator STEVENS. Thank you, Mr. Chairman. I would like to emphasize that we would like to hear about the pay issues and the quality of life issues. But I would add to the chairman's list of the issues pertaining to health care and how—I would like to know if you all have been involved in any discussions concerning how the military systems are to be folded into the new national health care plan and what, if anything, you can tell us about those negotiations.

But above all, I think we are interested in what we might do to maintain the incentives to assure the continued type of quality recruitment we have had in the past.

Thank you, Mr. Chairman.

Senator INOUE. Thank you very much. Before we proceed, I would like to make this observation. There are two of us here, so to you it may appear as though we are not concerned. We were late because we had another meeting. The two of us were required by

law to meet with the Director of Central Intelligence to receive certain information.

At this moment, there are 10 subcommittees of the Appropriations Committee meeting. Obviously, many of the men and women who chair these subcommittees are members of this committee. So they cannot be here.

But I can assure that your testimony will be read very carefully and as we have tried to do in the past fiscal years, listen to you and carry on your mandate.

Senator STEVENS. As a matter of fact, Mr. Chairman, I must go to one of those meetings because of a very vital issue affecting my State sometime around 10 minutes after 11. I am glad you mentioned that. I hope others will come in and participate in the hearing.

Senator INOUE. I have said many times that people may get the wrong impression. All you hear about this committee is the B-2 carriers, the Tridents, do we get the F-22 or the AFX.

But as far as we are concerned, the most important weapon system is sitting right in front of us.

With that, may I call upon Sgt. Maj. Richard Kidd of the Army.

#### STATEMENT OF SGT. MAJ. RICHARD A. KIDD, U.S. ARMY

Sergeant KIDD. Thank you very much. I have a very short opening statement, sir.

Mr. Chairman, Senator Stevens, it is an honor to be here today. During the past 2 years that I have served in the position of Sergeant Major of the Army, I have traveled extensively, hundreds of thousands of miles, determined to visit every base, post, camp and station in the field, and garrison to talk to the maximum number of soldiers and family members.

I have started my talks by explaining to them that the Sergeant Major of the Army position was established to provide them an enlisted representative with access to senior military and civilian leaders; to sit on each of the councils and boards that make decisions that affect their lives; and to even testify before Congress.

With this opportunity you have provided me today, that statement is now totally accurate and increased in credibility.

So I thank you for the opportunity to represent our great soldiers and their families, all of them members of the great Army family and the finest Armed Forces ever assembled.

It has taken great focus and determination by our civilian and military leaders and your support for the resources required to produce this heralded and highly respected total force, which is trained and ready to fight, serving the Nation at home and abroad, a strategic force capable of decisive victory.

We attribute our success to our focus on the six imperatives—our recipe for success—which includes: a quality force; solid warfighting doctrine; continuous modernization; confident and competent leaders; tough realistic training; and the right force mix.

We are well aware that this recipe requires that every ingredient not only be included, but that it be of the highest quality. We cannot have a \$100 Army for only \$50. In trying to do so, quality will be compromised.

A quality force is tough to build, as we all know. It has taken the Army 20 years to get where we are today. But reducing it to rubble can happen seemingly overnight. During this transition, an appealing outer appearance can mask the weakening foundation of a great force.

Soldiers and their families deserve that quality force. Our Nation demands it. Sir, we need your support.

I stand by for your questions.

Senator INOUE. Sergeant Major, I thank you very much.

[The statement follows:]

#### STATEMENT OF SGT. MAJ. RICHARD A. KIDD

Good morning Mr. Chairman and members of the Committee, I appreciate this opportunity to appear before you on behalf of our enlisted soldiers—the “ultimate weapon”—and their families. We greatly appreciate your past support and commitment toward a strong defense and improving our soldiers’ quality of life. We look forward to your continued firm support in the future.

Less than 26 months ago, when my predecessor Sergeant Major of the Army Julius Gates testified before this committee, our Army had just participated in the most decisive victory in modern combat history. The fourth largest army in the world was soundly defeated and made to surrender after only 100 hours of ground combat. This awesome victory was all orchestrated by competent leaders and executed by equally competent, highly trained, and well equipped soldiers.

In our Desert Storm victory, as well as Just Cause, soldiers saw first hand the results that can be achieved through tough challenging training, coupled with state of the art technology, and orchestrated by competent leaders. Through your help, and that of those before you, we combined our efforts to produce that victorious Army.

Today we have a quality force comprised of all components, successful in every endeavor, from combat to peacekeeping, nation building to humanitarian efforts and riot control to hurricane relief and more. Americans are proud of their Army and America’s high expectations are being met daily. We must never, however, forget that building this force took time, unwavering focus, strong leadership, and your support to provide the necessary resources and the proper ingredients.

#### RECIPE FOR SUCCESS

The outcome of our efforts was most satisfying and the recipe for success has been recorded in ours and the public’s mind. We not only know which ingredients are required, but we know they must all be quality ingredients:

- Quality young men and women;
- Quality training conducted by quality trainers;
- Quality high-tech equipment;
- Quality of life for soldiers and their families;
- Quality transition for those leaving;
- Quality retirement benefits; and a
- Quality team. A successful and professional team that people want to be a part of.

The product this recipe produces and the challenges it offers are why young men and women join our Army. Prospective soldiers seek things like adventure, skill training, challenge, discipline, education, family tradition, travel, security, retirement benefits, and service to Nation.

Two years after Desert Storm, we still have that same quality force, albeit considerably smaller, capable of responding quickly and decisively to contingencies anywhere in the world. Our forces continue to train just as hard to a tough standard and with the same vigor and determination as before.

But the welcome home parades and the echoes of the cheering crowd are but a faint memory. Already we are seeing efforts to dilute some of the very ingredients that were instrumental in producing our world class Army that continues to give America victory in every engagement.

The incentives which once made serving in the Army attractive to young men and women appear to be under review for elimination, reduction, or modification. The prospects of a 20- or 30-year career are not as attractive as they once were, primarily because there is growing uncertainty that retirement is still reasonably attainable.

And it's not just America's youth that have concerns about what's happening to our Army. At virtually every installation I visit, soldiers ask me, "What will it take to complete a 20-year career in the Army?; How much deeper can we expect the cuts in Army personnel to go?; and, with the focus on maintaining quality, why are incentives for enlistment and retention being targeted; for example, reduced educational benefits, pay freeze, and reduced military family medical care?" I have to tell you these questions are getting harder and harder to answer.

Their concerns run the entire gamut. They voice concerns about the turbulence associated with the drawdown and wonder if we're not bringing the force down too much, too fast; especially considering the increase in the Army's missions and commitments. This concern is compounded when there appears to be significant differences of opinion on what size we should be to remain the lethal, versatile, and mobile force of today.

Recruiters express serious concerns about our Army's ability to continue to attract good quality young men and women. For example, the Youth Attitude Tracking Survey (YATS) indicated that between 1990 and 1992 the propensity for 16-21 year old males to enlist has declined 30 percent. Soldiers ask how their quality of life will be affected if the proposed pay freeze is implemented; and wonder what their retirement benefits will look like when it is their time to retire if they are fortunate enough to make it to retirement. Soldiers see the environment they enlisted into changing, and benefits, entitlements, and expectations being compromised.

Every soldier serving today signed on fully expecting to receive a quality of life equal to that of the society they were sworn to protect. They signed on expecting they would be properly trained and equipped to fight and win decisively on the battlefield. They signed on expecting they and their families would receive quality medical and dental care. Finally, they signed on expecting that if they performed well and maintained Army standards, they could complete a 20- to 30-year career in the Army.

We know that while our Army is being restructured to meet the challenges of tomorrow, we must ensure we continue to provide the necessary resources and funding to maintain the same quality people, equipment, quality of life, and training pace that helped give America its Operations Just Cause and Desert Storm. But as we reduce the Army, we also must never lose sight of the need to treat with compassion soldiers and their families who served their country and decided to leave our Army family. This commitment is a small price to pay considering the investment they made toward America's security.

When we began this drawdown process in 1989, we had approximately 780,000 soldiers in boots, 5 corps and 18 active duty divisions. Today, we are well below 600,000 and on a steady glidepath directed by the Administration as a plan necessary to generate dollars for the future. We have also inactivated one corps and four divisions and identified two additional divisions for inactivation.

But while the Army is executing a plan designed to change the size and shape of our Army while maintaining itself trained and ready, soldiers are voicing some confusion. They wonder why we would rapidly seek to reduce a successful force to an undetermined level and why our leaders differ on opinions about what is the safe bottom line.

Fortunately, the enlisted force has not had to implement a reduction in force as has the officer corps. Thus far, we have been able to meet our intermediate goals by maximizing the voluntary separation programs like Voluntary Early Transition (VET), Voluntary Separation Incentive (VSI), Special Separation Benefit (SSB), and the recently approved Early Retirement Program (ERP). We appreciate your support in funding these programs.

#### ENLISTED FORCE ASSESSMENT

Keeping all the above in mind, I would like to present a snapshot assessment of the enlisted force.

Morale is good. Anxiety, although noticeably increasing, is contained and controlled. Training continues to be a top priority and truly is the glue that is holding the force together as we restructure.

Deployments have increased even as we reduce our forces and resources. None the less, every commitment is being met and our soldiers are performing magnificently. Negative indicators such as accidents and indiscipline are down even as we continue to add more successful deployments daily to our long list of accomplishments. Promotions are good, and retention and recruiting are holding their own.

## SOLDIERS' CONCERNS

Reading this assessment one would think all is well in the United States Army. This assessment, although factual, definitely requires qualification. But before I do qualify it, I would first like to offer you some of the concerns a young soldier and family members must consider today:

- The strong possibility that their pay will be frozen in 1994 and capped at 1.5 percent below inflation for several years thereafter;
- In high-cost areas, many soldiers and spouses are sometimes holding two jobs to make ends meet. The proposed tax increase may affect families in the lower end of the pay scale.
- Family separations are increasing as deployments increase. Often times deployments reduce the family's income while increasing the financial burden and family stress.
- Dental service once provided to family members in military facilities either by appointments or stand-by have been cut or reduced. This has been replaced by the Dependent Dental Plan. They appreciate the effort being made to provide a replacement service but it still is an increase in cost to them without an increase in pay.
- Although there is a good multi-year plan to build and refurbish government quarters and barracks, some of the funding is being reduced and or deferred.
- Medical care is a major concern. There are test programs under way with some positive results. But recent news articles suggest that medical coverage for family members and retirees may be included in a future Health Care proposal with specific costs to each family. Again, with no increase in pay.
- Soldiers realize the importance of training relative to success on the battlefield and are concerned when they see the training tempo starting to slow down.
- Soldiers hear recommendations being made to increase the amount they must provide into the educational fund with no increase in the benefit.
- Soldiers hear that the Cost of Living Allowance for retirees below 62 years of age will possibly be capped or frozen.
- Base closures are causing many retirees to be left without access to the Army and Air Force Exchange, commissary, medical or other military benefits, while their COLA stands to be capped.
- The savings realized by soldiers shopping in commissaries also have the potential of being reduced.
- Thanks to Desert Storm, soldiers are strong believers of high tech equipment and are concerned when they read about decisions to eliminate new equipment or defer it to later years.
- Soldiers read about major differences in what size the force should be to meet the Nation's needs. Their concern is that someone might decide to take a chance and reduce too much to save money and result in a disastrous repeat of the famed Task Force Smith of the Korean War.
- While soldiers are aware of the need for a steady flow of recruits, they hear about recruiting dollars being reduced.
- Soldiers see the effects of a reduction in the training dollars for professional development. This affects their opportunity for training and ability to be competitive. Plus they realize the importance of quality leaders and they know our Noncommissioned Officers Education System (NCOES) produces those leaders.

While there are many other economic examples that can be cited, there are also the pending social changes that soldiers and family members are concerned about. It is certainly prudent for all leaders to thoroughly understand the concerns, fears, and considerations our soldiers and family members must contend with.

## CONFIDENCE IN LEADERSHIP

Now I will provide the qualifications for my assessment. I truly believe the positive snapshot assessment of the state of the enlisted force is possible because soldiers do not believe the leadership will do or allow the things I just mentioned to happen. Soldiers have great confidence in their leaders' commitment to lead, train, and care for them and their families.

Just Cause and Desert Storm not only confirmed in soldiers' minds the tactical capability of their leaders, but the sincere concern their civilian leaders have for their welfare by providing the resources necessary to win decisively. I don't believe they have accepted that any of those leaders would take the chance of breaking this heralded force, reducing its lethality, and discard the progress made over the past 20 years. They know we understand that reduced levels of readiness and combat effectiveness translate in combat to battle casualties.



I truly believe we are seated precariously on the razor's edge and slipping is only a matter of time if this trend continues.

No one knows and deals with sacrifice, hardship, teamwork, contribution, and dedication to our Nation better than a soldier. Every soldier swears an oath which implies a willingness to give their life in defense of the Nation. No one gives greater thought to President John F. Kennedy's statement "Ask not what your country can do for you, but what you can do for your country," than a soldier.

But reality tells us that everyone has a limit to the amount they are otherwise willing to sacrifice and endure, especially if they feel their efforts are not appreciated.

In my 31-year career, I have seen both good and bad times. Quality costs, but it's worth the price. Quality ensures success. Our Nation expects and demands success. We need your support.

Mr. Chairman, this concludes my statement. I will be happy to entertain your questions.

#### STATEMENT OF MCPO OF THE NAVY JOHN HAGAN, USN

Senator INOUE. Now, may I call on MCPO John Hagan of the Navy.

MCPO HAGAN. Thank you very much, sir. Thank you for the privilege of speaking to you today on behalf of the men and women of our great Navy.

Like Sergeant Major Kidd, this is my first appearance and it will add credibility to my travels, which have been extensive.

Thank you also for the great support you have given to the superb citizens who make up our all-volunteer force, especially the tremendous support given our enlisted sailors.

The emotions which continually surfaced as I prepared for this moment were gratitude; gratitude for the opportunity to serve and for the honor to appear here; gratitude for the confident leadership, and their concern for our enlisted sailors.

Regrettably, this opportunity is so rare that I focused both my written statement and my remarks on the third emotion—concern for our enlisted sailors.

My concern is that your help during the current drawdown, which is allowing us to meet the mandated end strength without involuntary separations, while it is fair and generous and highly ethical, does not falter. We must not lose sight, even temporarily, of the importance of continuing our support to enlisted sailors.

While this transition legislation is very much appreciated and vitally important, we must not lose sight even temporarily of the importance of continuing to support the tremendously talented and dedicated men and women who remain on duty during uncertain and turbulent times to carry out the challenges and missions that lie ahead.

I bring to you the perspective of the fleet sailor and the pulse of what is happening in the Navy outside the beltway. I departed the cruiser, *Philippine Sea*, less than a year ago after a 4-year tour as command master chief of that great warship.

Since assuming my duties, I have traveled to hundreds of commands throughout the Navy, from the island of Iceland to the island of Diego Garcia, visited over 100 ships and submarines and talked with sailors in groups that range from a dozen in a mess to 1,000 on a flight deck or in a hangar bay.

I have listened to their concerns and answered their questions as best I could. My leadership prepared me to answer those questions very satisfactorily. My perspective is a real time, deck plate view

from where the sailors are living and working. My concern is that the enlisted leadership of the Navy in the year 2010 is currently being recruited, trained, and motivated even as we draw down and shape that force.

I am also concerned that everyone realize, even in peacetime, the operational tempo of the Navy remains on a warlike footing. The ships at sea and their embarked air wings must constantly perform their arduous and dangerous training. That even when we appear to be in a peacetime scenario, sailors continue to rotate between sea and shore duty.

Today as we speak, 160 ships are at sea, including 8 aircraft carriers. Sea duty, as you know, is characterized by lengthy family separation, exhausting work hours, and constant exposure to a dangerous and challenging environment.

It is clear the cutbacks will continue throughout this decade. And based on my very recent feedback from the fleet, many of our sailors are beginning to be a little frustrated and slightly bewildered by a perception of a waning of the patriotic support they experienced during Desert Storm and Desert Shield.

In my written testimony, I have asked for consideration of compensation issues, such as Conus COLA and quality-of-life issues, such as housing, since much of our Navy housing is nearing its maximum extended life. I cited the example of Pearl Harbor, a strategically vital place. And I have addressed other quality-of-life issues.

I would close my opening statement by telling you to attract and keep these young people that we currently are so proud of. We must ensure that in the vitally important quality of life and compensation areas that we hold what we have got and incrementally add to it.

Sailors realize that the decisions we make now will focus our Navy and prepare us to confront hostilities throughout the remainder of this decade and into the 21st century.

These are exciting times and I thank you for making the decisions that will prepare us for the challenges ahead. Sailors are proud to be a part of the most powerful expeditionary force in the world. They realize the arduous nature of sea duty as essential to preparing for our mission.

We are proud of our capabilities to project power and strength from the sea to support our brothers and sisters in the Army, Air Force, Marine Corps, and our allied partners in the unique joint operations; the first in and the last out, the longest on the scene, standing by on station when needed. We are proud of these sacrifices. And I thank you for the opportunity to speak on behalf of the men and women of our great Navy. I thank you for your support. And I will be pleased to answer any questions.

Senator INOUE. Master Chief Petty Officer, thank you very much, sir.

[The statement follows:]

#### STATEMENT OF MCPO OF THE NAVY JOHN HAGAN

Thank you for the privilege of speaking to you today on behalf of the men and women of our great Navy. Thank you also for the great support you have given to the superb citizens who make up our all volunteer force, especially the tremendous

support given our enlisted sailors. I know that with your leadership, we will always be the most powerful and effective expeditionary force in the world.

Your help during the current drawdown is allowing us to meet the mandated end strength without involuntary separations. The transition programs you have authorized and funded have enabled us to make the downsizing a fair, generous and highly ethical evolution.

While this transition legislation is very much appreciated and vitally important, we must not lose sight, even temporarily, of the importance of continuing to support the tremendously talented and dedicated people who remain on duty during uncertain and turbulent times to carry out the challenging missions that lie ahead.

I bring to you today the perspective of the Fleet sailor, and the pulse of what's happening in the Navy outside the Beltway. I departed the cruiser U.S.S. *Philippine Sea* less than a year ago, after a four year tour as command master chief of that great warship. My eight month maiden deployment to the Red and Mediterranean Seas covered the entirety of Operations Desert Shield and Desert Storm.

Since assuming the duties as Master Chief Petty Officer of the Navy, I have travelled to hundreds of commands throughout the Navy, visited over 100 ships and submarines, and talked with sailors overseas from Keflavik to Diego Garcia. I've spoken to tens of thousands of sailors in small groups of a dozen or so chief petty officers to flight decks and hangar bays filled with 500 to 1,000 people. As I've listened to their concerns and answered their questions, I have made a commitment to relay their concerns as accurately and articulately as possible to the Chief of Naval Operations and the Chief of Naval Personnel. I thank you for the opportunity to share their views with this distinguished group of leaders and lawmakers.

In April, I hosted 50 of the Navy's Fleet, Force and Command Master Chiefs, our senior enlisted leaders in the Fleet, to study and discuss issues and make recommendations to the Chief of Naval Operations. I also receive a steady stream of visitors from the Fleet, and respond to hundreds of phone and letter inquiries monthly.

I believe my perspective is a real time, deckplate view from where the sailors are living and working. The enlisted leadership of the Navy in the year 2010 is currently being recruited, trained and motivated, even as we drawdown and shape the force.

Even in peacetime, the operational tempo (OPTEMPO) of the Navy's sea duty component remains on a war-like footing. Ships at sea and their embarked air wings must constantly perform their arduous and dangerous training during strenuous work ups and regular, long deployments.

Proper training saves lives, fosters pride, enhances job satisfaction, improves confidence, and ensures professionalism and readiness, both in peacetime and during combat. Sailors perform extremely dangerous and complex jobs everyday. The myriad of technical, management and leadership skills required throughout a naval career require extensive and continuous training. Training is the cornerstone of our mission, and it is essential for preparing and honing the skills of our sailors. Training dollars must be viewed as an investment and it should be understood that funding constraints inevitably and dramatically affect training. Our quality force cannot be maintained if we skimp in this vital area. Even when we appear to be in a peace time scenario, sailors continue to rotate between sea and shore duty. Currently there are approximately 160 ships at sea, including eight aircraft carriers with full complements of aircraft squadrons and supporting units. Sea duty is characterized by lengthy family separations, exhausting work hours and constant exposure to the dangerous and challenging environment of shipboard life.

It is clear to all of us that cutbacks will continue throughout the decade. It is critical that we do not repeat the mistakes of the past, specifically those of the post-Vietnam era. Based on very recent feedback from the fleet, many of our sailors are beginning to be slightly bewildered and a little frustrated by their perception of a turnaround of patriotic support they experienced during Desert Shield/Desert Storm.

I seek your support in protecting current pay and benefits, and enacting long-range plans to continue to incrementally improve compensation and quality of life for our sailors. While we are asking all Americans to share the sacrifice, it is important that we recognize those who have routinely and willingly made tremendous sacrifices to our country and not require them to assume new and unfair burdens. Many sailors now live at or just above the poverty line. In high cost areas this number includes many middle and even some upper grade enlisted people with families.

As I travel the Navy and visit sailors who serve throughout the world, I am hearing many career men and women complain that the current proposals to cut pay and benefits (such as the proposed pay freeze and COLA caps) constitute a breach of faith. To be frank, even stronger language is used by some of them to describe

the proposals. When considering cuts to pay and benefits, I ask you to ensure that people currently looking forward to those benefits are grandfathered. It is only fair and right to ensure that we do not take away what has been repeatedly promised and what are rightfully perceived to be protected entitlements.

Even though the budget axe is poised for cutting, I believe we must ensure that cuts done for immediate savings do not require us to spend additional money on recruiting and retraining in the near future. The Navy of today is not a hollow force; it is a mighty and effective fighting and deterrent force; but I believe it can also be described as a fragile entity simply because it is an all volunteer force. Though sailors serve with inflexible commitments, they are relatively short-term and every sailor has to regularly reassess his or her options throughout their careers. We must not put unrealistic burdens on those who ignore generous transition benefits and stay the course; they are the men and women who keep our military professional and responsive. If we take advantage of them, we take a chance that they will depart in droves as they did in the 1970s, leaving a serious gap of trained technicians and experienced leaders. Saving a few dollars in the short haul can mean monumental expenses in the future, and a less effective force that is unable to respond to contingencies or respond appropriately without large loss of equipment and life.

Sailors know that deciding where and how to spend wisely is never an easy job. But even during times of cutbacks, I believe that experience and foresightedness dictate that there are some areas where more, not less, money must be spent in order to ensure that the smaller force of the 21st century is as powerful, reliable and competent as the force of today. These areas deserve prudent consideration:

#### *Compensation*

*Pay.*—Annual COLA raises of the past 10 years have not kept pace with inflation. For this reason, sailors are very concerned about the current proposals to cut and cap future raises as a means to cope with the deficit. Hopefully we have not become so complacent after 12 years of quality recruiting and high retention that we believe we can cut the defense budget, downsize the forces, threaten job security, damage morale and still continue to have the highest quality all volunteer force.

Our sailors do first-rate jobs and they should not receive second-rate pay. While sailors are also citizens and willing to contribute to the shared sacrifice, we must ensure that we do not take advantage of their inflexible short-term commitments. They work long hours, days and months on end—and serve in the most hostile, isolated environments in our world, with little complaint. The technical skills and knowledge necessary for them to do their jobs is constantly increasing.

They work very dangerous and arduous jobs. They live and work for years at a time in harsh industrial environments. The unique demands, stresses and deprivations of shipboard life are extremely difficult to adequately describe; it is even more difficult (impossible perhaps) to fully compensate them for their sacrifices.

Sailors live on ships for years (sea tours vary with specific ratings and rates from 36 to 60 months) in crowded conditions that are not even close to meeting legal standards required of federal prisons; it is hot, dirty and noisy with little or no time to relax. Privacy is nonexistent. Sailors leave their families behind, often gone six months, many times over the course of a career. They miss the important milestones in the growth of a family that most people take for granted. Even during so-called "post deployment" stand down times, those in leadership positions find themselves with little "quality family time" because of the unrelenting pierside demands of keeping a warship mission ready. Shore assignments for some are already becoming more demanding and requiring longer hours and more time away from their families.

Our people routinely make sacrifices and fulfill commitments that even the most dedicated union work force would reject without consideration. Most significantly, they shoulder the ultimate commitment, our sailors serve under an inflexible contract which may require their lives in armed conflict, or in direct support of combat. Yet, they are still paid 10 to 15 percent less, more by some expert estimates, than their civilian counterparts, and that does not take into consideration the long separations, the frequent and expensive moves, and the extra hours they work; sailors deployed on ships and submarines work 12, 14, 18 and more hours a day, seven days a week, months at a time without a day off. Overtime pay is not even in their vocabulary. The proposed pay freeze, by some estimates, could increase the gap to over 20 percent by 1999.

Whether it be through larger annual pay raises in the future or through planned, periodic, separate "equivalency" boosts, I ask you to begin now to address this very real and troubling parity gap. As we draw down, we must adequately compensate the people who will shoulder increasingly more responsibility.

There are many creative ways that this parity gap can be addressed and remain fiscally responsible. I recommend that an independent, unbiased study group outside the government be assembled to realistically study the issues to determine, or verify the true gap using realistic comparisons that include not only job skills and time on the job, but also things like family separations, frequent moves (including relocation to high cost areas), arduous living conditions, long working hours, danger, and the ultimate commitment to sacrifice a life.

While comparing the worth and determining fair compensation of a Navy cook, electrician, journalist, or other specialty based on their similarities would be relatively easy, injecting the differences imposed by Navy conditions would require additional calculations. For example, although there are major differences between a civilian cook and a Navy Mess Management Specialist assigned to shore duty, the differences are even more dramatic and radical when that mess management specialist is assigned to a ship or a submarine and works extended hours, seven days a week, for many months in a dangerous environment. He or she must also be skilled in complex damage control and fire fighting procedures and know how to "fight" and save the ship and lives. He or she must also be skilled in many other areas of shipboard life, qualified to use various weapons, and may be required to stand a range of specialized watches and duties.

Compensation proposals to meet the parity gap should be developed that can be incrementally phased in over five years in conjunction with the CPI determined annual COLA raises. To neglect this shortcoming for much longer has the clear potential to cause severe personnel problems in the future and eventually lead to a degradation of quality in the force.

*Continental U.S. cost of living allowance (CONUS COLA).*—This is a pay that is long overdue. Until recently this proposal was gathering momentum. Our sailors should not be penalized so heavily when they are involuntarily assigned to high cost areas. This is one creative area where the pay gap can be addressed effectively with immediate positive impact on the sailors' quality of life. If the annual pay raise is not available across the board, we should, at least, authorize and fund this necessary pay entitlement. Please note that the Federal Civil Servants Locality Pay is an entrenched benefit taken for granted by that work force.

*Sea pay for tenders/other vessels.*—Presently there are inequities in career sea pay compensation. Although all tenders/other vessels do not deploy with the same OPTEMPO, many tenders are underway with an arduous schedule which is equivalent to combatants that receive the pay. Legislation should be written so that career sea pay may be equitably paid based on OPTEMPO/PERSTEMPO schedules, not strictly on ship class.

*Source taxes.*—Currently several states have laws or are considering laws that would allow them to collect tax, without representation, from the retired pay of people who once worked in those states but now reside elsewhere. These laws could be applied to military people who were legal residents and served on active duty in those states, even though they now reside elsewhere. Budget crises are forcing governments and communities to creatively generate revenue, but our transient military people should not be fair game for double or triple taxation. Legislation must be enacted to forbid this unethical taxation.

*Retirement/disability benefits.*—Our military people work hard for their retirement benefits. Many people have paid an exceedingly high price for their service and have gotten sick or injured as a result of that service, and they are as entitled to these disability benefits as the veterans who receive them for their shorter service. These are two specific benefits, and one should not be diminished because of eligibility for the other.

*COLA for retired pay.*—Proposed freezes and cutbacks in this area are examples of changing a pay which has been institutionalized and which our force has every right to perceive as a constant in their future planning. Sailors believe that to treat it as a great area to produce immediate savings is unjust and unfair. The implementation of any freezes or reductions must be grandfathered to ensure fairness and produce long range, permanent, predictable savings without breaking promises. It is not fair, for example (and is, in fact, believed by many sailors to be illegal), to take away tens of thousands of dollars of income from retirees on top of the "sacrifice" (income related taxes, additional fees, reduced services, etc.) that military people will share with other Americans.

The cap on COLAs for retirees under age 62 is seen by many sailors as an attempt to restructure the military retirement system and a serious breach of faith with anyone who entered the service prior to August 1, 1986, when the current law was signed recognizing that all who began service prior to that date would receive full COLA throughout their retirement. If COLA caps are to be implemented, then

they must be grandfathered so that those following behind understand the compensation that they can expect for their service.

*GI bill/Veterans' Educational Assistance Program (VEAP) inequities.*—We need to eliminate the inequities in these programs. VEAP era VSI/SSB takers are authorized to buy into the Montgomery GI Bill program and thereby receive far better education benefits than those VEAP era members who remain on duty. Our generosity in transition benefits is recognized by all of us as commendable and ethical but it is wrong to make it more attractive to leave than to remain on active duty. Presently this fundamentally important area of educational benefits is being debated for extension to certain forms of civilian service. These proposals are far more generous than the VEAP era, GI Bill benefits. I ask that you support H.R. 1201 which is pending and would allow all VEAP era members a one time opportunity to upgrade to the Montgomery GI Bill. This could be phased in over four to six years by authorizing this upgrade as a reenlistment option.

*Single basic allowance for quarters (BAQ) for sailors on ships.*—We must make this available for all sailors in the career force, not just those in the E-7 and above pay grades. It is now a serious monetary and quality of life disadvantage to be a single sailor in the career force. Specifically, an E-5 or E-6 on shore duty may receive single BAQ/VHA and live off-base while in recruiting or other shore duty assignments and accumulate furniture and possessions. Upon return to sea duty, he or she is not eligible for single BAQ, and must live aboard ship even in port, or pay for all housing expenses from base pay while his or her married counterparts receive full BAQ and VHA.

*Housing.*—In family and unaccompanied housing we have made great strides and current funding in this area is encouraging. We must maintain the momentum in this important area. Decisions need to be made now to construct and renovate housing for our sailors. For example, family housing in strategically important Hawaii is quickly coming to the end of its maximum extended life. In many areas there is not nearly enough base housing for sailors and they must travel long distances (100 miles round trip commutes each day are not uncommon) to reside in affordable, not necessarily totally adequate, housing. Additionally, more career sailors are electing to leave their families in low cost areas and do unaccompanied "geographic bachelor" tours when transferred to high cost areas. This practice is officially discouraged, nonetheless, it is a growing trend and is most often predicated on the availability of affordable housing.

Eligible military personnel are currently paying 20 percent or more of their housing costs when they live in civilian housing. In 1985, when Congress restructured the housing allowances, the assumption was that members would pay no more than 15 percent of housing costs out of their pockets. This shortfall, coupled with the proposed 1994 allowance freeze, will make off-base housing even more costly and not readily affordable to many families in the enlisted pay grades.

*Health care.*—The quality, timeliness, and access to quality medical care for our sailors and their families are not to be compromised. This is a key quality of life area, and vital to recruitment, retention, morale, and mission accomplishment. Medical care is a major concern for many sailors and their families. Although there are several Health Maintenance Organization (HMO) initiatives and health care experiments underway, we must continue to strive to determine the best way to give quality health care to our people while maintaining fiscal responsibility. We are all concerned about what direction Navy medicine will go when the current "fence" is removed and downsizing hits this important area. Whether stationed on the East or West Coast, overseas, or at independent duty assignments such as recruiting duty in the Midwest, sailors and their families should have access to affordable, quality, medical care. All other considerations aside, the sailor deployed to an isolated duty station or aboard a ship or submarine can not afford the distraction that his family may not be properly cared for in a medical emergency or illness. If the sailor is worried about the welfare of his or her family, they cannot be entirely focused on the mission at hand and readiness is affected.

*Quality of life.*—Recruitment and retention of top-notch sailors to meet the demanding technical, physical and psychological challenges of our Navy depends in large measure on the quality of life we can provide them. The overwhelming majority of sailors in the fleet do not want the exclusionary ban on avowed homosexuals lifted. This is a vitally important quality of life and privacy issue to them. Sailors believe the present policy has contractual underpinnings. They believe it is reasonable to expect to live in accordance with the most basic, established societal, cultural and traditional norms. Many sailors also hold strong moral convictions which, they believe, can not be ignored. Additionally many sailors believe that any revision of this policy will likely result in higher expenditures, especially medically-related, which cannot be justified. Given the starkness of enlisted berthing and the physical

limitations of shipboard habitability, it is not possible to greatly increase the quality of life in berthing; it is, however, possible to further degrade it. Forced intimacy and privacy deprivation are immutable facts of life for enlisted sailors on a warship. Sailors believe firmly that present habitability limitations simply cannot be further compromised and that the introduction of avowed homosexuals into shipboard life is fundamentally wrong.

*Accelerated citizenship for Filipino sailors.*—I ask you to make it possible for our Filipino sailors to get their dependents out of the Philippines, to help eliminate the constant threat they feel by not having their families with them, by accelerating the opportunities for them to become citizens. I ask you to authorize a more appropriate visa classification for wives and children currently in the Philippines to allow them to join their husbands and fathers while they serve our nation, and fulfill the prerequisites to become naturalized citizens.

Let me close by quoting our Commander Naval Recruiting Command Force Master Chief Robert L. Robinson: "When you invest in young people, you help ensure a steady flow of qualified people able to meet the challenges of both their future and the Navy's."

To attract—and keep—these young people we must ensure that in the vitally important quality of life and compensation areas we hold what we have and incrementally add to them.

The decisions we make now will be the ones that focus our Navy and prepare us to confront the hostilities and conflicts that we are certain to face the remainder of this decade and into the 21st century.

These are exciting times and I thank you for making decisions that will prepare us for the challenges ahead. Sailors are proud to be part of the world's most powerful expeditionary force. They realize the arduous nature of sea duty is essential to preparing for our mission. We are proud that our capabilities to project power and strength in support of our strategy, as outlined in our white paper ". . . From the Sea," gives us the flexibility to support our Army, Navy, Marine Corps, and allied partners in unique, effective joint operations. To be the first in, the last out, the longest on the scene, and the ones standing by on station when needed requires dedication and sacrifice. We are proud to make those sacrifices. I thank you for the opportunity to speak to you on behalf of the men and women of our great Navy.

Thank you for your positive support. I would be pleased to answer any questions.

#### **STATEMENT OF SGT. MAJ. OF THE MARINE CORPS HAROLD G. OVERSTREET, U.S. MARINE CORPS**

Senator INOUE. Now may I call the Sergeant Major of the Marine Corps, Sergeant Major Overstreet.

Sergeant OVERSTREET. Thank you very much, Mr. Chairman, and members of the subcommittee. It is indeed a privilege for me to represent the Marine Corps before those who raise and maintain our Armed Forces and to report to you the status of your Corps of Marines.

I am pleased to report that the motivation of the Corps is high because marines simply love being marines and doing the things that marines do. However, we do have some concerns and those are the same proposed to us by President Clinton and Secretary Aspin. That is, how is the morale of the troops? What effect is the downsizing and the budget reduction having on them in regards to their future?

As you know, today there are about 20 conflicts, confrontations, or some sort of crisis going on around the world. Routinely, there are about 22,000 marines who operate forward deployed around the world away from their homes and families for extended periods, normally 6 months to a year, poised and ready to respond to a crisis.

I might add that in the past year we have reduced the end strength of the Corps some 7,800 marines, yet the number of forward-operating forces has increased. It is easy to see that we are definitely doing more with less.

The Marine Corps is being called upon today as never before to provide the quality of life programs that will encourage recruitment, enhance readiness, and stimulate reenlistment. As we downsize, the quality of life will have a direct impact on the performance of our mission. Therefore, we as leaders must protect the Corps of its most valuable asset. That is our marines and their families.

We continue to commit scarce operational dollars to ensure the quality of life programs provide the most essential services. From family service centers to off-duty education, from quality of life to child care, our quality of life programs support the health, the safety, and the well being of the entire force.

#### FISCAL YEAR 1994 PAY FREEZE

We recognize that the fiscal year 1994 pay freeze is intended as a mechanism to realize savings in an austere budget environment. But it will only widen the presence of a pay comparability gap between us and the private sector. This continuing disparity between military and civilian compensation may impact our recruiting and retention as the gap continues to grow.

Fair compensation for both active duty and retired marines is the least our Nation can do for these selfless men and women. It is critical if you want the all-volunteer force to remain the quality we enjoy today, a force of men and women who, along with their families, have lived a life of hardship characterized by frequent moves, frequent extended deployments away from their family, and frequent assignments in high-cost-of-living areas. They must be properly compensated.

Likewise, our retired service members have given the best years of their lives in service for their country. I believe we have made a commitment and a commitment should not be broken.

#### MARINES—MEDICAL AND DENTAL SUPPORT

Another concern of marines is medical and dental support. As we continue to close a significant number of bases, there will be far fewer medical and dental facilities available. This will have a negative impact upon the medical care we provide our marines and their families and probably add to the perception that military benefits are quickly eroding.

#### FAMILY HOUSING

The 1994 construction for family housing has been canceled as a part of the final fiscal year 1994 budget adjustment even though we still face large housing deficiencies in southern California. In addition, when you take into consideration a base closure such as El Toro and relocate those marines to Miramar, we move out of some 2,000 homes at El Toro and into 300 houses at Miramar. Even with outstanding leadership and creative planning, it is very difficult to put 2,000 families into 300 homes. Our enlisted bachelor quarters face some of the same problems.

I believe that you understand why we are concerned for the quality of life for our marines. Operational tempo coupled with frequent deployments and some of the issues that I previously mentioned



this morning have a definite impact upon a marine's motivation and his or her ability to accomplish the mission.

I, too, appreciate the opportunity to appear before you and stand by for your questions, sir. Thank you.

Senator INOUE. Sergeant Major, thank you very much. You have been very helpful.

[The statement follows:]

STATEMENT OF SGT. MAJ. OF THE MARINE CORPS HAROLD G. OVERSTREET

Mr. Chairman and members of the subcommittee, it's a privilege for me to represent the Marine Corps before those who raise and maintain our Armed Forces, and to report to you the status of your corps of Marines.

I am pleased to report the motivation of the Corps is high because Marines simply love doing the things Marines do. We do have the same concerns and those are the same passed to us by President Clinton and Secretary Aspin. That is: how is the "morale of the troops." What effect is the downsizing and the budget reduction having on them in reference to their future.

Today there are about 20 conflicts, confrontations, or some sort of crises going on around the world. Routinely there are about 22,000 Marines who operate forward deployed around the world, away from their homes and families for extended periods normally six months to a year poised and ready to respond to crises.

I might add, in the past year we have reduced end strength of the Corps by 7,800 Marines, yet the number of forward operating forces has increased. It is easy to see we are definitely doing more with less.

The Marine Corps is being called upon, today as never before, to provide quality of life programs that will encourage recruitment, enhance readiness, and stimulate reenlistment. As we downsize, the quality of life we provide will have a direct impact on our ability to perform our mission. We as leaders must protect the Corps' most valuable assets—our Marines and their families. We continue to commit scarce operational dollars to ensure our quality of life programs provide the most essential services. From family service centers to off-duty education, from equal opportunity to child care, our quality of life programs support the health, safety, and well-being of our entire force.

We recognize that the fiscal year 1994 pay freeze is intended as a mechanism to realize savings in an austere budget environment, but it will widen the present pay comparability gap with the private sector. This continuing disparity between military and civilian compensation may impact our recruiting and retention as the gap continues to grow. Fair compensation, for both our active duty and retired Marines, is the least our Nation can do for these selfless men and women; it's critical if you want the all volunteer force to retain the quality we enjoy today. A force of men and women who, along with their families, live a life of hardships characterized by frequent moves, frequent and extended deployments away from their families, and frequent assignments in high cost of living areas must be properly compensated. Likewise, our retired service members have given the best years of their lives in the service of their country. I believe we made a commitment that should not be broken.

Another concern of Marines is medical and dental support. As we continue to close a significant number of bases, there will be far fewer medical and dental facilities available. This will have a negative impact on the medical care we provide to our Marines and their families, and add to the perception that military benefits.

The 1994 construction for family housing has been canceled as part of the final fiscal year 1994 budget adjustment even though we still have a large housing deficiency in southern California. In addition, when you take into consideration a base closure such as El Toro and relocate those Marines to Miramar, we move out of some 2,000 Marine Corps homes at El Toro to 300 family houses at Miramar. Even with outstanding leadership, it's hard to fit 2,000 families into 300 houses. Enlisted bachelor housing face some of the same problems.

You can see why we are concerned about the quality of life for our Marines. Operational tempo coupled with frequent deployments and issues such as I've previously mentioned have a definite impact on a Marine's motivation.

Thank you again for this opportunity and I look forward to your questions.

**STATEMENT OF CMS OF THE AIR FORCE GARY A. PFINGSTON, U.S. AIR FORCE**

Senator INOUE. Now, may I call on the Chief Master Sergeant of the Air Force, Chief Master Sergeant Pfingston?

Sergeant PFINGSTON. Thank you very much and good morning, Mr. Chairman, Senator Stevens. It is an honor and privilege to appear before you to discuss the issues that affect our enlisted force.

General McPeak has described how a smaller Air Force will retain the capability to defend the United States through control and exploitation of air and space even in this post-cold war era. The people of the U.S. Air Force provide this capability and it is everyone's responsibility to ensure that the quality of our people does not diminish as the military force becomes necessarily smaller.

The focus of today's hearings, enlisted personnel issues, is right on. We all need to remember your all-volunteer total force Air Force, including the active duty, the Guard, and Reserve, is 82 percent enlisted. And I do not need to remind anyone that the Air Force today is dramatically smaller than it was even just a few short years ago.

And in keeping with the force drawdown we have reduced active duty end strength by 26 percent since our 1986 peak, and we have plans to reduce it an additional 7 percent by 1995. We will be smaller by close to 200,000 people when this is complete.

Despite this downsizing, the enlisted people of the Air Force continue to perform brilliantly. In my travels throughout the world, in meeting with the grassroots airmen of today's Air Force we see a new force, a mature force, one that has been proven in peace and war.

I see a force that carries relief supplies to Bosnia-Herzegovina and to Somalia. I see a force that was proven in easing the plight of the Kurdish citizens and extending the protective umbrella of air power in northern Iraq, proven in flying aid to the people of the former Soviet Union, and proven in taking care of our own people in southern Florida, Louisiana, and Hawaii.

From combat missions to relief efforts, the Air Force enlisted people continue to prove that they are the heart of the world's finest air and space force, a unique and valuable national asset.

Thanks to your support, last year's authorization bills helped us to reach our end strength goals and your efforts to provide temporary separation and early retirement incentives for the thousands of enlisted people separating from the Air Force have been immensely helpful, and I thank you for that, sir.

**QUALITY OF LIFE**

However, we also need to ensure that we take care of those people who stay with us, those who must stand guard at freedom's gates we must continue to attract and retain the very best people, the best and brightest America has to offer. Ultimately, they are the key to readiness. We have the highest quality force in history. But as we further reduce in size, maintaining that level of quality becomes more critical. In my mind, it is not enough to maintain. In my mind, we have to go to the next level. And as we draw down, we cannot forget the quality people who remain.

We need to remember that airmen on duty today will be our enlisted leaders in the year 2020. How far have we come and how far do we need to go to prepare for the year 2020? Selectivity has allowed us to identify and retain the best of the best and it is vitally important that we see that these individuals are properly trained, properly cared for, and competitively compensated. We need to be sure that they have and can expect to maintain a quality standard of living for themselves and their families.

No matter where I go, our people are as dedicated and professional as they have been in my over 31 years in this uniform. However, having said that, they are anxious. They are anxious about their future. Will there be career opportunities and career advancement? Will they be adequately able to care for their families? Will there be continued retirement opportunities? The anxiety level is as high as I have seen in my over three decades of military service, and that troubles me.

America, the American people, the members of this committee deserve the most highly respected, dedicated, professional force that we can possibly provide. Our commitment to a quality Air Force springs from our vision of remaining the world's most respected air and space force.

We are not the same Air Force we were when I began my career. We are smaller, yes, but we have struck an appropriate and deliberate balance among readiness, people, and force structure that allows us to effectively and efficiently support our country's national security objectives.

The decisions we make, the force we provide, the people we attract and retain in our all-voluntary Armed Forces today are our Nation's security for tomorrow. And how we man, organize, train, and equip this new, smaller Air Force will determine our success in the 21st century. We owe all of our airmen of the future our best judgment, our wisest choices, and our fairest deliberations on their behalf.

Mr. Chairman, this concludes my prepared statement, and I look forward to answering any questions.

[The statement follows:]

#### STATEMENT OF CMSAF GARY A. PFINGSTON

Good Morning. Mr Chairman and members of the Committee, it is an honor and privilege to appear before you to discuss issues affecting our enlisted force. General McPeak has already described to the Distinguished Chairman and this committee his strategy for guiding the Air Force through these most tumultuous of times for our service. He has described how a smaller Air Force will retain the capability to defend the United States through control and exploitation of air and space even in this post-Cold War era. The people of the U.S. Air Force provide this capability. It's our responsibility—mine and yours—to ensure that the quality of our people does not diminish as the military force becomes necessarily smaller. The focus of today's hearings—enlisted personnel issues—is right on. We all need to remember, your All Volunteer Total Force Air Force—including active duty, Reserve and Guard personnel—is 82 percent enlisted.

I don't need to remind the members of this Committee that the Air Force today is dramatically smaller than it was even just a few short years ago. In keeping with the force drawdown, we have reduced active duty end strength by twenty-six percent since our 1986 peak—with plans to reduce an additional seven percent by 1995. We will be smaller by almost 200,000 people.

Despite this downsizing, the enlisted people of the Air Force continue to perform brilliantly. In my travels throughout the world, in meeting with the grassroots airmen of today's Air Force, I see a new force, a mature force that has been proven

in peace and in war. I see a force that carries relief supplies to Bosnia-Herzegovina and to Somalia. I see a force that was proven in easing the plight of Kurdish citizens and extending the protective umbrella of air power to northern Iraq, proven in flying aid to the people of the former Soviet Union, and proven in taking care of our own—the people of southern Florida following Hurricane Andrew.

From combat missions to relief efforts, Air Force enlisted people continue to prove that they are the heart of the world's finest air and space force—a unique and valuable national asset.

Thanks to your support, last year's Authorization bill helped us reach our end strength goals. Your efforts to provide temporary separation and early retirement incentives for the thousands of enlisted people separating from the Air Force has been immensely helpful. That went far to ease the burden of this unpleasant task of right-sizing our Air Force for the challenges of the 21st Century.

However, we also need to ensure that we take care of those people who stay with us—those who must stand guard at freedom's gates. We must continue to attract and retain the very best people—the best and brightest America has to offer. Ultimately, they are the key to readiness. We now have the highest quality force in history. But, as we further reduce in size, maintaining that level of quality becomes more critical. As we draw down, we cannot forget the quality people who will remain. Airmen on duty today will be our enlisted leaders in the year 2020.

Selectivity has allowed us to identify and retain the “best of the best.” It's vitally important we see to it these individuals are appropriately trained, cared for, and competitively compensated. We need to be sure they have and can expect to maintain a quality standard of living for themselves and their families.

Air Force people understand the difficult challenge the nation faces in tackling the budget deficit and stimulating the economy. Today, I'm sorry to report to you that three out of every four enlisted people in your Air Force earns less than \$30,000 annually. You know that compensation plays an integral role in our recruiting and retention efforts. While not the primary reason people enter the Air Force, or stay in, compensation, or the lack of it, is one of the biggest reasons they separate. I am hearing again, for the first time in many years, Air Force people telling me: “I have to get out . . . I can't afford to stay in.”

Our people see this as a failure on our part to meet contractual obligations made when they signed-on to America's team. We promised them adequate compensation . . . we promised them a quality standard of living . . . we promised them medical care for themselves and for their families. Now, they're promised a pay freeze for 1994, caps on future raises and retiree COLA caps in subsequent years. I hope this committee shares the deep concern I have for the impact these developments will have on our ability to attract and retain the high quality people our armed forces need. The All Volunteer Force depends on providing military members the same kinds of compensation and benefits enjoyed by other hard working Americans.

On the compensation issue, we must be careful to guard against potential perceptions that we are willing to spend billions on separatists while scrimping on those who continue to serve. The Air Force enlisted team is comprised of patriots who understand the nation's economic situation. However, in recent years, pay has been identified as the number one source of dissatisfaction with our people and the biggest reason for separating. It has had an impact on retention. Some are telling us, for the first time since the late 1970's and early 1980's, that they can't continue to serve and support their families. The typical airman today is a senior airman who earns less than \$1,900 a month total compensation, of which only \$1,200 is basic pay. The remaining portion is made up of allowances to reimburse food and housing expenses for airmen we can't support in government quarters.

I'd be less than truthful if I told you I didn't have serious concerns about the financial needs and the well being of our enlisted men and women who serve with me in your Air Force.

Our people are working hard for fewer promotions available during the drawdown—promotions that should rightfully reward diligence and competence and increasing responsibilities, and that are accompanied by pay increases that should lead to a better standard of living. Now, with costs rising around them, those promotions will only allow them to maintain the status quo at best. Pay freezes worsen the economic impact and morale suffers as well. While the budget crunch limits pay options for now, over the longer haul retention needs require continuing pay raises comparable to those of other Americans and allowances that better reflect living expenses. We owe it to our people.

Why do we owe it to them? What makes them different from any other workers in America? Well, enlisted people in your armed forces lead lives and careers that aren't like anyone else's. They sign contracts with their government that lets the government tell them where, when, and what to eat; where to live and when to

move; whether or not their families can live with them; and even put them in jail if they don't do what their bosses tell them to. Under those contracts, they can't quit when they want, yet the government can force them out of the service unexpectedly in midlife, even when their performance has been first rate, their skills superior, their attitude gung-ho!

In short we demand a very great deal of the troops so that the American people get a great national security asset and can rest easy at night. We, on behalf of the American people, pick up some basic obligations to them in return. Our military institution is built on that sense of mutual obligation, and we can't break their faith in it without suffering serious consequences. This means we have to be very careful in addressing potential changes in areas like retirement—one of the main benefits offered to attract our people to serve 20 years or more in the military despite all the hardships and sacrifices. The proposed retiree COLA reductions will take away 25 percent of a typical 20-year enlisted retiree's total retired pay before reaching 62 years old. At 61 years old the retiree's purchasing power will be reduced by 40 percent. We just can't afford another round of the "erosion of benefits" mentality that decimated the force in the late 1970's. Simply put, we have to keep our promises . . . not break the faith people have in the word of their government and their leadership.

As in years past, the Air Force leadership considers housing and dormitories for its people to be one of the top discretionary facility and quality of life programs.

I am convinced that no other facility program influences the performance and commitment of our people as much as having a quality home, whether it is a house or a dormitory room. We very much appreciate the support congress has given us for our housing program as we strive together to sustain the quality of housing for our people.

Maintaining the quality of our housing and dormitory program is even more important in this era of overseas reduction, domestic base closures, major force reductions and an ongoing reorganization of the Air Force. These adjustments to our forces and facilities are a reflection of the times we live in and are necessary to downsize our defense establishment. But these adjustments, however desirable, also are disruptive to military members and their families, and therefore it is imperative that we provide them the security and quality of life they should expect.

During this time of great change and considerable uncertainty for Air Force people, it is vital that we maintain our initiative to provide quality housing and dormitories for our people and their families. In family housing we continue to emphasize the "whole house/whole neighborhood improvement program" which brings older family housing units up to today's standards. For our unmarried or unaccompanied people, we continue to renovate dormitories that still have the old central bathrooms; converting them to the room-bath-room configuration. The Air Force requests your continued strong support for these most important programs.

Your support is also necessary to provide the level of quality our people deserve in facilities that are deteriorating faster than we can fix them. The average age of our family housing is 31 years old and our dormitories about 30 years old. We estimate that about 65,000 family housing units require whole house renovation or will require replacement construction before we are able to modernize. Twenty-seven percent of our dormitories still have central (gang) bathrooms. At our present level of funding it will take about 14 years to convert those central bath dorms to room-bath-room and construct the additional dormitories we require to meet today's standards.

In addition to modernizing, replacing, and building new housing facilities, we are concerned about maintaining them. If we fail to provide for adequate housing maintenance and repair, those buildings, utilities and supporting infrastructure will simply wear out, resulting in the requirement for replacement construction and, more importantly, inadequate support for people.

The Air Force is determined to meet the needs of our people today, but at the same time look to their needs in the future. In view of this, the Air Force is looking to the next century for air base equipping and modernization. One key area in this future look is how we house our single or unaccompanied people in the next century. We believe our highly skilled and technical work force in the next generation will expect housing accommodations similar to their peers in the private sector—that means private efficiency apartments.

Providing rooms with shared bathrooms is an improvement over the open bay barracks and gang latrines of yesterday, but they don't meet the expectations of our contemporary warriors of this generation and the future. In a survey conducted by the Air Force 2 years ago and a similar survey conducted by the other services last year, the issue that was of great concern to our single enlisted members was personal privacy. Like their peers in the civilian work force our young enlisted mem-

bers wouldn't go out on their own to look for a place to live where they would have to share a one bedroom apartment with at least one other adult . . . and have to share their only bathroom with at least three other adults. So why do we expect them to be happy in those accommodations on our installations?

We will face the same challenges in the next century that we do now in terms of competing requirements for construction and entitlements dollars. However, I am committed to plan and advocate for that change and those resources now. If we don't, 25 years from now we will still be housing the most competent and technically qualified military force in the world in the same 90 square feet of living space per person! That's unacceptable by any measure of merit.

Health care is another major recruiting and retention issue for our enlisted people. This is especially true in the areas of reduced access to medical care and the increased out-of-pocket costs associated with using CHAMPUS when the care for their dependents is either not available or not timely in a nearby military facility.

The Air Force Medical Service is acutely aware of the importance of health care to the enlisted force and is addressing these concerns over the long term. For years, DOD's senior medical leadership has worked through the services to test an array of managed care demonstration projects designed to simplify access, control costs, and maintain high quality medical care. They have examined these demonstration results and selected beneficial options from each. Under the department's auspices, the Air Force Surgeon General has begun implementation of managed care under a program called Air Force Global Care. Work has begun to create simplified access through beneficiary service centers, to enhance networks of providers, and to expand health promotion and utilization management. The centerpiece of the program will be a local health care delivery system tailored to the needs of the beneficiaries. Freedom of choice between a variety of options will be maintained.

In the current atmosphere of budget reductions, personnel turbulence due to downsizing and restructuring, proposed pay freezes, and the future recommendations from the President's task force on health care reform, our enlisted people are understandably concerned that this important benefit not be reduced.

Just like the national system, the military health care system is working to control costs. As an example, the over-the-counter medication and supply program has been sharply reduced or eliminated (with exceptions made for drugs such as insulin, prenatal and pediatric vitamins, etc.) While this is consistent with CHAMPUS policies and many civilian health plans, it has added to the concern and financial obligations of our active duty enlisted force. The Surgeon General's office continues to evaluate the anticipated and actual impact of such actions in order to maintain the best balance between cost and service.

It is critical that we maintain accessible, affordable military medical care. Failure to do so will severely impact our airmen with families and all other enlisted people.

Before closing, I'd like to offer an observation about the morale of our people. No matter where I go, our people are as dedicated and professional as they have been in my 31 years in uniform. However, having said that, they are anxious—*anxious* about their future. Will there be career opportunities? Career advancement? Will they be able to adequately care for their family? The anxiety level is higher than I have ever seen in my over three decades of service. That troubles me . . . I hope it troubles you as well.

Although we will be a smaller force in the years to come, we must maintain our strength, keeping a force adequate for the changes we expect in global defense requirements. Diverse geographical operations requiring troops, cargo and supplies will demand the best enlisted intellectual and muscle power available to ensure the flexibility needed to meet those future requirements. America—the American people—the members of this committee, deserve the most highly respected, dedicated and professional force that we can possibly provide.

Our commitment to a Quality Air Force springs from our vision of remaining the world's most respected air and space force. We are not the same Air Force we were when I began my career. We're smaller, yes—but we have struck an appropriate, deliberate balance among readiness, people and force structure that allows us to effectively, efficiently support our country's national security objectives. And we are building today an Air Force that will meet the national security needs of a post-Cold War world in the 21st century. The decisions we make, the force we provide, the people we attract and retain in our armed services today, are our nation's security tomorrow. How we man, organize, train, and equip this new smaller Air Force will determine our success in the 21st century. We all owe the airmen of the future our best judgment, our wisest choices, our fairest deliberations on their behalf.

This concludes my prepared statement. Mister Chairman and members, I would be pleased to answer any questions.

## EFFECT OF NO PAY RAISE ON RECRUITING AND RETENTION

Senator INOUE. Chief Master Sergeant, I thank you very much. I thank all of you gentlemen. I am certain all of you recall that not too long ago the past administration, in the submission of the 1994 budget, included a pay raise of 4.7 percent and the cost, I think, was \$2.2 billion.

In the original consideration of this budget, the present administration looked at a pay raise of 2.2 percent at a cost of about \$1.1 billion. Now it is zero.

I can assure you that this committee, if a rollcall had to be taken, would not agree with the administration. All of you have touched upon the impact this may have from perception all the way to actual effect on recruiting and retaining.

Do all of you anticipate difficulty in recruiting and retaining personnel as a result of this no pay raise?

Sergeant KIDD. Sir, I think we have already experienced some effect because of that information being passed out into the civilian community. People who were considering coming in are saying, "You know, why should I go into something that is going to have reduced compensation?" And their families are even convincing them that at this time it is not a good time to go in. Obviously, it is having an effect when people consider retention in the U.S. Army. So, yes sir, I do see it as having an adverse effect.

Senator INOUE. How about the Navy?

MCPO HAGAN. Yes, sir; and particularly when combined with the—several of us use the word "turbulence." And when the things that contribute to the turbulence now, including the debate on the exclusionary ban on homosexuals serving, the many aspect of drawdown and decreased advancement opportunities and their perception of a declining training opportunity, the talk about the difficulty of holding what we have got combined with the possibility of a pay freeze, and talks about caps, cuts, and COLA's cannot help but have a negative impact. The only question is, How much and how long it will take to recover from it in my view and in the sailor's view, sir.

Senator INOUE. Sergeant Major?

Sergeant OVERSTREET. Sir, as you know, public attitude has a lot to do with our business, particularly how the civilian community perceives us. I think right now they kind of perceive us in the not-hiring mode. As a matter of fact, if you asked the basic individual on the street, I think he kind of sees us as we are going out of business, and perhaps have nothing to offer to the young men and women that are aspiring to come into today's service.

So I think that this perception is having a drastic effect on us because they see us going out of business with it. And I think one thing that is adding some of the nails in the coffin is the pay raise issue. "Well, obviously you are going out of business, no pay raise and reducing the forces." And the further we go, it certainly has an impact on their propensity to enlist, sir.

Senator INOUE. And the Air Force?

Sergeant PFINGSTON. Yes, sir; I think there are several parts to this process. In the Air Force we have met our annual accession levels since 1979 and we are continuing to do that. However, re-

cently we are starting to not be able to meet our monthly new contract process. I think the previous three comments hit on some of those and compensation is a key thing. I think a lot of the media attention to increased DOD reductions is a player. Downsizing is a player, to the point even that we have had to take some of our recruiting offices and put a sign in the window saying, "We are still hiring, vacancies, positions open."

The other part of this is it is not getting any easier when the budget process goes down in recruiting. In the Air Force we have an incredibly high accession number per recruiter and we also have a very low amount of money spent for accessions.

But we have reduced the number of recruiters in the Air Force by 15 percent and the number of offices by 17 percent, which is now requiring our recruiters to double their efforts, maybe even triple, because before when you had maybe one or two offices serving a geographical area now you only have one serving that same size, but you still have just as many schools that our recruiters have to go visit with, high schools and colleges.

So, I see the very beginning of a slippery slope process here that we need to stop as soon as possible or it may get out of control.

#### NAVY—PROPENSITY TO ENLIST

Senator INOUE. Thank you.

Sergeant Major, recently we came across a survey, the so-called propensity to enlist survey. We were shocked to see a drop of about 40 percent, a sudden drop. We also noted a sudden drop in high school graduates signing up, which obviously had an impact upon quality. Then we have category holds now.

I know that these are dangerous signs as far as the Army is concerned. What about the Navy? Do you get the same thing?

MCPO HAGAN. Yes, sir; we had experienced a 13-percent decline on that survey, which our recruiting people had great interest in, and not a small amount of faith in those numbers. They also note some very visible signs of a decrease in interest of youth to enlist. I recently had an experience where an old friend from the civilian community in central Indiana shared with me when I recommended the Navy Seabees to a young son who was in construction but having to travel far to find work. The military life, he said—and it shocked me—is for you and your children. Do not mention that to mine.

I am not sure of all of the factors that contributed to his attitude because we did not get time to discuss it. But I am sure that the polls are reflecting an accurate feeling in the country.

Senator INOUE. Do you think it is a temporary abortion, or that this is part of a trend?

MCPO HAGAN. Sir, I think along with our recruiters, that it is a part of the shrinking market that we have. The 17- to 22-year-old market that we go after is smaller. I hold a personal opinion that it is due to many other factors that our Nation is undergoing and social change.

But to answer your question directly, I believe it is a trend; yes, sir.



## MARINES—PROPENSITY TO ENLIST

Senator INOUE. What about the Marines?

Sergeant OVERSTREET. I think it is probably a trend also, sir. We surveyed those in the age category from 16 to 19, knowing that they would soon be coming into the market.

Initially, it looked like 42 percent of them were interested in some sort of military service, but the last survey showed it was below 32 percent already.

Senator INOUE. And this is all in 1 year's time?

Sergeant OVERSTREET. Yes, sir; it is a declining market, as the master chief said. I think it is also the qualified male applicants, and perhaps female applicants now, come within that 16- to 19-year-old zone. It is becoming less and less also. And I think the quality of the young men and women that we are recruiting today is extremely high. They have a lot to offer, not only for us, but to any other large corporation out there also. So we are competing against those folks, as well.

Senator INOUE. What about the Air Force?

## AIR FORCE—PROPENSITY TO ENLIST

Sergeant PFINGSTON. Sir, I have to agree that I think it is the beginning of a trend. Just in the Air Force, the interest level has gone from like 17 to 13 percent in the last year. We also see that there has been a drawdown in the 17 to 21 population pool. But again, the best recruiter is word of mouth. And when we go from an all-time high in 1991 with the Persian Gulf to start the downward trend, and people talk about the compensation issues, and I look at compensation as anything that puts money into and takes money out of enlisted people's pockets, from allowances to entitlement to benefits to accessibility to medical care, I become concerned.

Those who have families that may want to become members of the Air Force, and now they are seeing the opportunity for treatment in military medical facilities declining and the need for alternative decisions, it is the beginning of a trend, and it is kind of like the story of rolling the ball up the mountain, and it takes an incredible team to get it to the top and it takes an incredible team to keep it at the top, but once it goes over the top and starts down, boy, it is hard to stop. And I think the whole total package is part of that trend, part of that process.

## EFFECT OF SELECTIVE PAY RAISE

Senator INOUE. Some have suggested selective pay raise. For example, just to enlisted personnel, and maybe even junior officers? How would that affect the morale of the service? Some get it, some do not? Would the officers get mad at you if only enlisted personnel got it?

Sergeant KIDD. Sir, I think the force would expect that they would all be compensated equally for the job that they do. Also, an additional problem comes in when you compensate some and not others in that you compress the progression system to where you move up someone that is of a junior grade making the equivalent to the next higher level person who has greater responsibility. So

I think you could cause some great problems by targeting people for increased pay raises.

Senator INOUE. The Navy?

MCPO HAGAN. Sir, I would echo the sergeant major's concern about blurring the distinction between the first-term entry level—about further blurring that, in actuality—and I would also add I would certainly never reject money or compensation for any portion of our sailors, but it would have to be followed, in my view, with a plan to undo the damage that it potentially does; in fact, I think right on up to our senior officers. Sir, I am pleased to answer the question that sometimes comes from a fleet about why does an admiral that is an O-10 or an O-9 get paid more in his basic allowance for quarters and variable housing allowance than I get in my base pay, by comparing that to admirals' responsibility and commitment and dedication to his civilian counterpart. And I believe that from E-1 to O-10 that the compensation due is due to all.

Senator INOUE. Thank you.

Sergeant Major?

Sergeant OVERSTREET. Thank you, sir. I probably ride on the coat tail of my predecessors here as in saying that I do not believe that we should give it to part and not to all of them. I think if we are going to target lower ranks, whether it be enlisted or officers, say company grade officers, I think we have to look at what we are actually doing here. Who is it that we want to attract? Who is it that we want to keep around? Who is it that we really actually want to compensate here?

I suggest to you if you take it from a certain pay grade down, that probably affects 82 percent of the force. Now, out of that 82 percent, what percentage of those individuals are going to stay in the military? Are they just there for a short while? Or are they going to go back—are they going to return?

I think we should compensate everyone across the board if we are going to compensate anyone.

Senator INOUE. Thank you.

Sergeant PFINGSTON. Yes, sir; you know, the members of the Air Force expect to contribute their fair share to ease the deficit process, and they understand. And I guess from the troops' perspective, getting something for someone is always better than getting nothing for anyone. But I think, having said that, when you do this we create a haves and have-nots process. There are several reasons I feel that way.

But I also feel that if there is money in the budget to do a targeted pay raise, I think there are other options that could be considered and we could save the same amount of money. In my view, we could delay the 2.2-percent pay raise for a couple of months and save the same amount of money as we would save by doing a targeted pay raise and give it across the board to everybody. And then it would not have the long-term effects upon the career opportunities and retirement opportunities.

I think we can also entertain the thought of doing it on schedule in January, reducing it a couple of tenths of 1 percent and giving it to everybody.

But having said all that, sir, I guess I also need to add that, you know, we are going through—in this downsizing process, we are

going through an incredible screening process, and those who, as I said in my opening statement, that are remaining with us are the best of the best, and they are going through quality cut after quality cut after quality cut. And they are going to become more involved in doing things, having incredible responsibilities that are commensurate with their grade and career progression.

But now, we give them a signal that yes, you are going to do all this hard work for us and lead this Air Force into the next century but we are not going to compensate you for making those quality cuts. I think that is the wrong signal to send, sir.

#### COST-OF-LIVING ALLOWANCE

Senator INOUE. In listening to your responses, I suppose all of you agree that the limitations on COLA will have a negative impact, not only on retirees but all of you.

Sergeant OVERSTREET. Yes, sir.

Sergeant PFINGSTON. Those are the long-term things that I talked about.

MCPO HAGAN. [Nods affirmatively.]

Sergeant KIDD. [Nods affirmatively.]

Senator INOUE. I have many other questions. I will come back to them. But in the meantime, Senator Stevens?

#### QUALITY OF LIFE BENEFITS

Senator STEVENS. There is a lot that could be said about that subject of COLA, Mr. Chairman. I have always wondered about our policy of not reducing COLA for retired personnel but constantly putting the burden on those who are still in the force. That does not seem to have a ring that is true for as far as what you are talking about for recruitment people. When they enlist, they are not even thinking about retirement. They are thinking about the current pay and benefits.

If you all had to—or maybe you have. Have you ever made a priority listing of the benefits that comprise the package that we call quality of life? Is pay the top one or is it housing or is it day care centers now? Have you ever just looked at all of the things that go together to make up the quality of life for people in the service?

Have you, Sergeant? Have you ever prioritized the list?

Sergeant KIDD. Yes, sir; we have groups, different groups that we talk with. For example, in the Army we have what we call Better Opportunities for Single Soldiers. Then, we have the Army Family Action Program. We are talking to families and we are talking to single soldiers.

I have to admit that pay comes up as No. 1, but it is normally a combination of compensations. It is not just pay, because what we have told them over many years is that their pay is not just their base pay or the base pay and basic allowance for quarters. But, in fact, that how they are receiving compensation is through housing, through health and dental care, and through all of these other things.

When all of us sat on the Quadrennial Review for Military Compensation and were looking at all of the compensation, the experts kept telling us that we were actually making more than our pay-

check demonstrated because we had to consider that we get all this medical care and dental care and so forth and so on. So what everyone is looking at now is that all of that was supposed to be part of their compensation and so they combined it all. As those things are starting to erode or be eliminated, there is no monetary compensation for these other programs. For example, the Delta Dental Program, our dependent dental program. Family members think it is great to have something to fall back on; however, it costs them now. It is coming out of their pay every month, but there is no increase in their pay. As a matter of fact, their pay is going to be frozen at the same time as this new program comes into being.

So yes, I would say pay is probably No. 1, since they lump compensation all together. But if you do not lump it all together, then you go pay, health and dental care, family housing, and even for the single soldiers—well, all of them, really—education comes in there. I think those would probably be the primary points.

Senator STEVENS. All of those you mentioned are somehow affected by this budget. What do the rest of you think?

Sergeant PFINGSTON. Sir, if I may add, you know, airmen do not fence their money. They do not take their direct deposit and say, "This is pay, this is rations, and this is quarters." They look at what the dollar amount is in their bank. And it was the same thing that we found out during the Persian Gulf war and BAS and field conditions and so forth.

However, having said that, in my mind, we guarantee people that begin their careers or serving with three things in the recruiter's office, and that is not only will we pay you but we will cloth you, house you, and feed you. And if we do not do that we will compensate you some way to do that yourself. And that is what BAS is for. If we do not give them food in the dining halls with their meal card then we give them money to buy their own. We will provide them a roof, and that is a house or a dorm, or we will give them money to compensate them, so they look at all of this together.

I think one of the frustrating tasks that I have is explaining to people who do not understand that we do have a pay and allowance system, and there are differences. And when we talk about freezing pay, then obviously that whole thing gets froze, because over the years since we had pay comparability in 1982, we got across-the-board pay raises.

Without one, you do not get the other. And I do not know of anybody who is in the BAQ and VHA arena and the high-cost-of-living areas whose rent has gone down lately. So it is tough. That is the No. 1 issue, sir—pay.

#### RETENTION AND RECRUITMENT PROBLEMS

Senator STEVENS. I do not intend to get into issues like the homosexual issue. The Armed Services Committee is spending a lot time on that right now. But are there other issues out there that affect your retention and your ability to recruit? How about the advertising ban that we had? What about the problem of the increase—and I say that advisedly—in the number of billets that are going to women? Is that affecting the young men that are coming in? Or is it the other way around, you are getting more young

women come in during this period? What are the problems of retention and recruitment right now?

Sergeant KIDD. Well, I think, as we mentioned in part of our answer earlier, the recruiting budget was drastically cut. And, what we see is that all of the bad things about the military services, the pay freezes and all that, is constantly in the media. And then, we are unable to counter that with our programs on television and other places because of our reduced budget.

So now, as the chief master sergeant said, the numbers of recruiters has been reduced and they still have the mission of trying to get out and get face to face with all of these people because they cannot use those other programs to publicize the good things about the service.

So yes, I see the reduced budget as drastically affecting our recruiting and retention ability.

Senator STEVENS. Chief Hagan, if you were to come to us and say—what is the chief thing that you would ask us to do to improve your ability to keep the people you want and recruit the people you want? What is the No. 1 issue?

MCPO HAGAN. I break out the compensation separate from other quality-of-life issues, and I even break out health care and housing. I would have to say the No. 1 thing the Navy needs for recruiting is increased funding for advertising. And the downsizing is affecting the recruiting command as it is everyone else. There are fewer recruiters on the street.

Recruiters have traditionally had to work much harder and for 90 percent of their recruiting force is almost sure to detour away from sea duty. It is vitally important to the Navy that we have adequate numbers of recruiters. So obviously, numbers of recruiters and dollars for advertising are important in recruiting.

In retention, I think the dollars for advertising probably would be important there, but I would like in the Navy recognition for the two kinds of navies we have that make us just a little unique, in fact unique among the other services. The sea-duty sailor that has some unique needs that are still unmet after all these years, single BAQ for the career force, the single sailor aboard ship, something that the Army and the Air Force do not have to cope with, and that we have been a long time in solving. And I included it in my written statement. I will not go into it any further there.

But we have some quality-of-life issues that are unique, and given the opportunity, I would key on those, sir.

Senator STEVENS. I will look at that.

#### CHAMPUS

They are calling me to go to this other committee, but you have, I assume, an opportunity to get together and discuss things. Are any of you involved in the discussions on whether or not we fold CHAMPUS or regular military health care into this new health care plan? Have you been consulted on that at all?

Sergeant OVERSTREET. I have not.

MCPO HAGAN. No, sir; our Surgeon General has mentioned at a meeting I was at that he has only recently gotten some Navy Medical Service Corps officers involved. But I have not been consulted, advised, or even brought up to date.

Senator STEVENS. I saw some hints that CHAMPUS and Conus-type medical care would be folded into the overall health care plan and I think that has got some real consequences for this budget. I do not know—have you seen anything on that?

Senator INOUYE. Yes; I believe the DOD level, the Secretary of Defense level, is looking into managed care, which is part of the reform package. I suppose they are doing that in anticipation that the time may come when someone will make a policy decision to bring them together. But I do not think they have reached that stage yet.

Senator STEVENS. Well, I do hope that you have an input there. You have the equivalent of the Joint Chiefs, do you not? Do you not have a group which is the four of you?

Sergeant PFINGSTON. Us; yes, sir.

Senator STEVENS. Is Coast Guard with you, too?

Sergeant PFINGSTON. Yes, sir.

Senator INOUYE. Who is the Chairman of the Joint Chiefs?  
[Laughter.]

Sergeant OVERSTREET. It depends on what day you are asking, sir. [Laughter.]

Sergeant PFINGSTON. We do that by ID cards and birthdays.

Senator STEVENS. What about the Guard and Reserve chiefs? Do they meet with you?

Sergeant OVERSTREET. They do. We have a representative from each of those, as well. We talk to their folks.

Sergeant PFINGSTON. In the U.S. Air Force we have a chief master sergeant who is the senior enlisted adviser for the Air National Guard and also one for the Reserve, and they are at the same level as major command advisers.

#### MEDICAL CARE

Senator STEVENS. Well, I ask this because of a provincial interest. The Senator and I, I hope, are going up at the end of the month and we will be dedicating the new theater hospital for the Pacific Theater for the Air Force to replace the one from Clark.

It is important for us to know what the long-term trends are there and how they are going to fit in with the people who we are going to serve. That hospital is meant to serve people all over the Pacific, not just people stationed in Alaska. So we have to have some feedback on how this trend is going to go.

I personally prefer to set aside the defense issues—CHAMPUS and regular medical care and some of the others, such as veterans—and try to make the system work first. And if it works well, maybe everyone will want to get in it. But, I do not know that we ought to try. I view it as another disturbing factor to the recruitment and retention. If you cannot promise people what their services are going to be or how their families are going to be treated, you are not going to be able to recruit them, I do not think.

Sergeant PFINGSTON. Sir, if I may comment. Accessibility to military medical care is an incredibly emotional issue right now. And there is a balance issue here, even though because of your support we are not reducing the Corps like we are the rest of the services. We are still growing daily in the authorized receiver of care area.

We have two-thirds of the Air Force enlisted people married today. So that brings on more dependent spouses, and we have families.

We have a greater retiree population than we have ever had. So the number of eligible people today that can go in the front door of the military medical facility is bigger than can get in the front door. So now, alternatives to that care are what everybody is after. And right now the only one is CHAMPUS. It is a very good system.

Senator INOUE. That is what most Americans do not realize.

Sergeant PFINGSTON. That is right; yes, sir.

Senator INOUE. They think we are drawing down, so we have less people to go to the hospital.

Sergeant PFINGSTON. But we have got more people eligible for medical care. I kind of call it a blivet. It is kind of like putting 5 pounds of stuff in a 3-pound bag, and you just cannot make that happen.

Senator STEVENS. I see it in terms of the number of people that are assigned in my State who are married and have families and the number of children. I think that is one of the things that is really terrible about this insecurity that comes from the indecision right now.

When I came to the Senate, most of the people that were stationed there were single-service people. Now we have over 60 percent of them married with families, and most of them have families with more than two children.

Sergeant PFINGSTON. That is right.

Senator STEVENS. Turning that group loose on the economy is a very difficult thing. That is hard from the point of view of mobility and transition to another career. It is really destabilizing on all of those families. I think that is going to have a lot more to do with your recruitment in the future. If those people are forced out of the service and have to integrate themselves into the communities, the first thing they are going to do is they are going to sound like your friend from Indiana, your Hoosier.

MCPO HAGAN. I am an honorary Hoosier, sir.

Sergeant PFINGSTON. But I am one.

Senator STEVENS. Well, I apologize that I have to go. We had just this morning a bad earthquake in Alaska, so I have to look into that situation.

Thank you very much.

Senator INOUE. Thank you, sir.

#### WOMEN IN COMBAT

Senator Stevens and I are the remaining dinosaurs in the U.S. Senate. We were in World War II and so we have seen changes in the military throughout these decades. But one thing we will not tolerate is a change in commitment that we make—that the Nation makes to our personnel, the promises we make.

For example, when I got in, it was understood that if you were wounded, they were going to take care of you for the rest of your life. And if you served your time honorably, you will be retired with adequate compensation. That is a promise. I kind of suspect that we are hedging on these promises.

I can assure you that the two of us here will not tolerate that.

Now, your presence here is very important to us, believe me. Because, for the most part, we deal with high-ranking officials, civilian and military, and they are the policymakers. But, oftentimes, policymakers do it from what we call the bottom line, not considering the sensitivities involved.

Now, for example, a policy has been made on women in combat. I do not think they have asked you people about that policy. But I was an enlisted man and I had some ideas as to whether women should be in combat and at what level. At what level should women be in combat?

You are from the hoo-wah group.

Sergeant KIDD. Yes, sir; I am a grunt.

We did have an opportunity to present all of this before the Presidential Commission on Women in Combat Arms.

Senator INOUE. Oh, you did. I am glad to hear that.

Sergeant KIDD. And what I presented to them—they even asked me at that particular get-together what I thought about women flying Apache helicopters, and my response was that there are no enlisted soldiers involved in flying Apaches, so it is not an enlisted matter.

As I went around and talked to all of the soldiers, but the females in particular, I came back and reported to that Commission that it is not an enlisted issue in the Army for female soldiers. We do not have this large push from female enlisted soldiers wanting to be in combat arms. The largest group that I talked to of females in one group was over 200. And I asked them: "How many of you would like to have the option to be in combat arms?" Every female raised her hand.

Then I said: "How many of you, if you had the option, would go into the combat arms?" Out of that whole group, three raised their hand.

I then asked them: "Do you feel that your inability to serve in combat arms precludes you from going from private to command sergeant major?"

They said: "No."

I said: "Well, then why would you want to serve in combat arms?" All of them answered the same thing: either, "To prove that I can do it"; or "To prove that we, as a gender, can do it."

I have not seen any large groundswell from our enlisted ranks in the Army to serve in combat arms—in the infantry, the armor, or the artillery. The biggest issue that I have ever heard about was the aviation side of that.

Senator INOUE. You would have some qualms about having a female in the foxhole with you, would you not?

Sergeant KIDD. Yes, sir.

Senator INOUE. What about the Navy?

#### WOMEN IN THE NAVY

MCPO HAGAN. Yes, sir; I, like the sergeant major, Senator, have been consulted and have been allowed to sit, for instance, on the standing Committee on Women in the Navy. I believe the Navy's case is unique. And I have been talking, since my second or third month in office, about the full integration of women in the Navy,



that combat, as defined for the largest share of our force, is far different than land combat.

I believed then, long before the Secretary's announcement, that the full integration of women in the Navy had a momentum and an inertia that was basically unstoppable. I have been talking since then about the challenges that poses for the Navy, and the ways that it can make the Navy better—not because women are better, but because, by meeting these challenges, we would make the whole force better.

Those challenges are being talked about and they include the very sticky issues of pregnancy and sea duty and fraternization and the billet mix and inventory. And I am confident that we as a Navy are about to solve those, and that we have had women in combat, essentially as those auxiliaries and vessels that were in the Persian Gulf were in the same high-risk waters, for the most part, as the combatants, with less defensive armor and less defense weapon systems.

So I believe that we as a Navy are tackling now the tough issues that accompany and that challenge us to fully integrate women, and that we are going to do it smartly and wisely and deliberately, and that the Nation is going to be impressed with it.

Sergeant OVERSTREET. If we were deployed today, sir, we will have to take the women serving in the Corps with us, because they are in combat support elements. I guess if I had a theory on this, I think that we should integrate women into every MOS that we have that they can successfully negotiate with no problems or no fear to themselves, no harm to themselves, or no harm to anyone around them.

Now, does that mean they should be in combat support?

Absolutely.

Does that mean they should deploy?

Absolutely.

Am I saying they should be in ground-related MOS's; for example, infantry and artillery?

I am not, and I do not advocate that at all.

However, we should offer the opportunity for them to do as much as they possibly can. And over the past year, we have opened many new MOS's to them, from anything from detachment commanders out on MSG duty, to the commanding general of 3d Force Service Group out forward deployed in Okinawa.

So, that is pretty much where we stand on that, sir.

#### AIR FORCE—WOMEN IN COMBAT

Sergeant PFINGSTON. Sir, in the Air Force, we have for many years had a gender-neutral assignment process except for certain areas. And obviously the issue for the Air Force was combat aircraft—fighter airplanes. I have said for many years, and I was a military training instructor when we increased the women in the Air Force in the mid-seventies, and I thought it was the greatest thing that we did then.

I was a flight line maintenance superintendent and when I left the flight line we had no women even in maintenance jobs on the flight line. Then I returned 9 years later and I had 30 or 40 female crew chiefs working combat airplanes and deploying with us. So I

have said all along the enlisted women in the Air Force are trained, prepared, and dedicated to do anything that we ask of them, and they do it admirably.

Currently, we have three specialties that are closed—only three, and they are combat controllers, tactical air controllers, and rescue. We are even researching those three specialties to see where we may make some changes. But my comments also are very similar to the Sergeant Major of the Army. In the Air Force, we have, as a matter of fact—we recruit about 22 percent. We are 15-percent females right now in the enlisted force, and we are annually recruiting about 20 percent.

As a matter of fact, for the last year, in every promotion cycle except one grade, the females had been promoted at a higher percentage than the Air Force percentage. I can remember—and I cannot exactly quote the numbers, but it is very close. When I became a senior enlisted adviser, we had 12, 13, or 14 female chief master sergeants in the Air Force, and today we are at 160 or 170, and that is just growing and growing.

So the advancement process is jobs, still we promote the best of the best. We have an equal opportunity promotion system in the Air Force, where every Air Force specialty chief—and what I mean by that is every specialty in the Air Force has the same promotion opportunities and career advancement opportunities. We are very, very pleased with the professionalism of the women in the Air Force.

Senator INOUE. Thank you.

#### BASE CLOSURES

One of the issues that we find very contentious is base closure because it happens to be in our districts. It obviously has an impact upon all of you, because men and women seem to gravitate upon retirement to these major bases, because they have hospitals, PX's, and commissaries, facilities that you are accustomed to.

As you have pointed out, when you close a base with 2,000 units going to another base with 300, it just does not make sense. Training and all of these things are affected.

Do you make an input or have you been called upon to provide an input in base closing?

Sergeant KIDD. Into the bases to be closed?

Senator INOUE. Yes.

Sergeant KIDD. No, sir.

Senator INOUE. Let us say if Charleston is going to be closed, did they call you to get your views on what you think about Charleston being closed? It is a major naval base.

MCPO HAGAN. Yes, sir; and one which I am fond of, and it has a history that goes way back. I made it my business to seek out—and, of course, I spoke on a regular basis with the CNO about issues, including BRAC, but I also made it my business to seek out our point man in that area and talk to him as much as the confidentiality of the process would permit. And I considered that something of an input, but that was the extent of it, sir.

Sergeant OVERSTREET. My extent is basically the same way as the master chief. I, too, talk to the commandant oftentimes about base closures, but it is only between he and I. As far as testifying

before any kind of committee or seeking them out, I have not been talked to, sir.

Sergeant PFINGSTON. The direct answer is, "No, sir." With me, it is the same thing. I have not been asked for my thoughts; no, sir.

Senator INOUE. Sergeant Major?

Sergeant KIDD. Sir, as they said, I obviously have access to the Chief of Staff of the Army, but as far as specific installations for closure, no, sir, I have not been asked to make recommendations or how I feel about those selections.

Senator INOUE. Thank you.

Senator Specter.

Senator SPECTER. Thank you, Mr. Chairman. I have come to join you for a few minutes at this hearing. The chairman has all of the rank, all of the prestige, and most of the work on the subcommittee. He is here all of the time, but I wanted to come and pay my respects and to thank you gentlemen for testifying.

I see a lot of decorations and a lot of braid. I know it takes a lot of work to earn that braid. I was in the Air Force many years ago as a lieutenant and I have great regard for what you men have done.

#### WOMEN VOLUNTEERS IN COMBAT

Just one question, Sergeant Major Overstreet. When you talk about not having women in combat positions, but you speak affirmatively of having them in many other positions, what would be wrong if there were women, hypothetically, who were as strong as men who volunteered and wanted to participate in combat? What kinds of problems would you see for allowing some women on a selected basis having volunteered to actually do that?

Sergeant OVERSTREET. I understand your question, sir. I guess going back and selecting individuals to do specific jobs like that is kind of like selecting certain individuals to get specific pay. I do not think you can break that out like that.

I think if you open it to a group of people you need to open it to all the group. For example, right now in the Marine Corps, when we have a young man who comes into the Marine Corps, we can assign him to any MOS if he qualifies for it in terms of ground-related MOS's. If he makes the cutoff to come into the Marine Corps, he makes the cutoff to go to infantry and artillery regiments to be assigned to those MOS's.

Now, that is across the board. That is every one of them, so do we want to do that to our women? Should we offer the same for the women as we do for the men?

When we were talking to the Presidential Commission on Women in Combat, one of the things that came up is that very question, and this is the way I responded to it, sir. Several years ago—not several years ago, probably less than a little over a year ago—doctors came to Paris Island and they were looking—in Paris Island there was recruit training for female marines.

They were looking around, and they said, "Do you know that you do not have the same PFT test, physical fitness test, for women as you do for men?" And we said, "Yes, sir; we know that. That is not a mistake. That is by design."

They said, "Well, how would they compare to men if you were to give them the same test?"

And we said, "Well, sir, we are not sure."

They said, "Well, we think you should give them the same kind of test."

Well, with no warning to the women, we went out to them and we asked them if they would participate in taking the men's physical fitness test, and they said, "Sure." They were all very good sports about it.

The next day the test was administered and 90 percent of them failed it. Well, we think for an overall gender they probably do not have the upper body strength that it takes to be successful in an environment or an MOS like that.

Senator SPECTER. How about the 10 percent?

Sergeant OVERSTREET. OK, why would you offer 10 percent—how many of them are you really going to get into the ground-related MOS?

That is taking into consideration, now you are probably going to have to—and we are probably going to take our shifts anyway, but taking into consideration now, if you go to the field, many places you go to the field you do not have gender-related heads, you do not have those kinds of things. What about sexual harassment?

There is a very close-knit teamwork here that we rely on, cohesion if you will, amongst the squad, because if you send a squad into combat, that cohesion has to be very close. It has been my opinion—and I have witnessed this many times, that I see—if you have a female fall out on a hike you lose two more male marines because they want to help her up. They want to carry her trash to get her up where everyone else is.

Now, this 10 percent we are talking about, hopefully, would not fall out, but I think you have that anyway. Then you would have only a few that are in there.

Now, what about the sexual harassment thing? OK, if we are a team here, and I say, "OK, Hagan, let's pump up, let's get in there, let's get 'em"—you know, what if you do that to a female?

Senator SPECTER. You better be careful with Hagan. [Laughter.]

Sergeant OVERSTREET. Oh, Hagan I know. [Laughter.]

Senator SPECTER. I do not want to pursue this too far.

Sergeant OVERSTREET. Well, there are many things that go out there. That is a very complex question.

Senator SPECTER. I am not going to touch that one, either. Chairman Inouye has his agenda, and I would just make this point, and I do not know the answer, but I know women in the military and I know women not in the military, and they are asking the question, why not, and if 10 percent passed, I do not know if they are going to be too susceptible to sexual harassment, I do not know if they will not be, and I just want to make the suggestion this morning that we are going to have to look for more ways to be more inclusive.

#### HOMOSEXUALS IN THE MILITARY

Let me ask one other question of you, Sergeant Major Overstreet, and this may open Pandora's box, but it is not a big issue, and you

do not have to answer expansively. You do not have to answer at all.

This subcommittee has not gotten involved in the gay issue, but it is related to the subject of women and capability and job performance. I would be interested in your response to whether you know of gays in the Marine Corps who are in combat units and whether they perform below the par of nongays.

Sergeant OVERSTREET. Probably the gays that are in the Marine Corps, sir, are probably the ones that you know about as well.

Personally, I do not know anyone that performed in combat and served alongside me. The ones that I know about are the ones that I have read about in the paper and the ones that I see in the Early Bird and various places like that, just as you do, sir. So, personally, I have not been involved and do not know any that are in the Marine Corps right now.

Senator SPECTER. Does anybody else on the panel know of a gay who has performed less effectively in any of the combat situations?

MCPO HAGAN. I would like to respond to that question, if I might. Sailors have conveyed to me over and over again as they followed the debate in the media, that they resent the inference. They do not agree with the point that because homosexuals have served and served honorably, and the media has made much of this, that that proves something.

Homosexuals that have served honorably and effectively have done so in an exclusionary ban that prohibited any of the activity; that concerns me as the master chief petty officer of the Navy. Sailors do not ever see that point made in the media.

I do not personally know one single homosexual that served long, because when they were discovered by conduct or by admission and asked to be processed, in my history as a master chief and as a sailor we process them and discharge them, and I never served long with anyone that I knew was homosexual, and there have been a dozen or so of those instances, but I think the point is, whatever their conduct was, it was discretionary, as can only be expected in light of the exclusionary ban, sir.

Senator SPECTER. Does anybody else have anything to add on that point?

Sergeant KIDD. I would only echo what the master chief has said, because that is what the young soldiers and their family members say, that in the past, it has always been done under certain rules, and so, therefore, you cannot compare or use that as a fact, that they would do so differently or equally once it is opened up.

If I could, sir, I would like to go back slightly on the issue of women in combat to assist my fellow grunt here. When I went out and talked to all the female soldiers, and asked them a number of questions which I related to Senator Inouye a while back specifically, the last question I referred to where I asked the three who raised their hands out of 200, why would you serve, and they said to prove that either I could as an individual or we could as a gender. I followed that with one more question addressed to those three. I asked them, what if this had to be made into a policy that included all female soldiers, in other words the draft would include females and they would all have the same possible requirement to

serve in combat arms. Even those three then said they would not like to see that happen.

So I think when you consider allowing people to go into something as an option, you also have to consider that if it becomes the draft, then all have the possibility of going into the combat arms that meet the qualifications. The vast majority of enlisted women in the Army do not want to serve in the combat arms.

Senator SPECTER. Thank you very much, sir.

Thank you, Mr. Chairman.

Sergeant PFINGSTON. Sir, if I may have an opportunity to respond to your original question.

Senator SPECTER. Please do.

Sergeant PFINGSTON. I know of no one that I served in combat with that was homosexual, but I had an opportunity to be a military training instructor at Lackland AFB during the draft, during the All-Volunteer Force, and there is a lot of light made in the asking of your question, and we only have been doing that for 10 or 12 years or so, and I served prior to that, but I had several Air Force basic trainees who came and approached me from the standpoint of self-ID'ing themselves as a reason to be separated because they did not like it after they got there.

Now, I could not tell you whether all of a sudden an 18-year-old who found himself in Air Force basic training said, "Hey, this is not what I expected it to be," and used it as a reason to go home, or used it for the actual reason that he was. We had people who investigated that and determined and made the decision, but we had a lot of people—I would need more than a couple of hands to count the numbers of people—who approached me as a basic trainee, and I was their instructor, with, I am one, and I want to go home.

Senator SPECTER. Well, I raise the issue because it has been talked about a lot and we do not have time to go into it here. It only peripherally relates, but the whole subject now is coming under a lot of public scrutiny.

There are a lot of questions we do not know the answers to. That is, if there are gays under your command who you did not know about, or whether these men who identified themselves as gays did so as a reason to get out, and it is a very, very complex question with just a tremendous number of ramifications, and as I follow it in the press and see what other people are saying about it, I am concerned as to what we know about it and what our basic judgment is, and it is a subject, like women, that we are giving a lot of advanced thought to.

I think it is important that real professionals like those at this table and those in this room, there is a lot of rank and a lot of experience in this room, and I appreciate your comments.

Thank you very much, Mr. Chairman.

#### DOMESTIC NATIONAL SERVICE

Senator INOUE. As all of you are aware at the present time a concept called the domestic national service is being discussed and debated in Congress. It will call for the providing of some higher educational benefits to those who participate and to those of you. I want to get your views on this. Do you think it would have an impact on recruiting?

Sergeant KIDD. Yes, sir; I think it would have an impact on recruiting because it is an alternative to gain financial assistance for education by serving a shorter period of time; and, in fact, not even having to leave your hometown.

Senator INOUE. Not having to go to Desert Storm.

Sergeant KIDD. That is right, sir, not having to go to Desert Storm, not having to go, possibly, to Bosnia or to other places that are considered more dangerous.

Senator INOUE. Do you think it would affect the morale of men?

Sergeant KIDD. Pardon me, sir?

Senator INOUE. Do you think it would affect the morale of the personnel under your command?

Sergeant KIDD. If there were an alternative system?

Senator INOUE. If some fellow in your outfit knew that if he had taken up domestic national service he would be getting the same educational benefits.

Sergeant KIDD. Sir, I would have to fall back with what my marine buddy said a while back. Those people who are in the Army today want to be soldiers. I mean, they came in for the adventure, challenge, and training to serve their Nation, as long as we have a better opportunity for education and all of those things.

There were a lot of questions asked when the benefit amount for domestic national service was being negotiated. So that may have some effect on morale, especially if it is decided that they get an amount equal to or more than someone that serves 4, 5, or 6 years in the U.S. Army.

Senator INOUE. I think now, with the incoming it would be \$10,000, and the military is \$11,700, I think—\$11,700.

MCPO HAGAN. The present GI bill sir is—

Senator INOUE. \$11,700.

#### VETERANS EDUCATIONAL ASSISTANCE PROGRAM

MCPO HAGAN. Well, as much as \$14,100 under the Montgomery GI bill, and if I might add, the morale would be impacted upon, in my view, by those people who—what we call the Veterans Educational Assistance Program [VEAP] era personnel, who are already a little unhappy, more than a little unhappy that there are less generous benefits which can be upgraded if you take VSI SSB and leave the service during this transition but not if you stay.

There is pending legislation that could correct that, but some of the national service options are far more generous than the VEAP options that people have, where they had to contribute \$2,700 for a return of \$8,100. That was 15 years' worth of the people that are in the service today, sir—not quite 15. From 1977 to 1985, 8 or 9 years' worth of our career force has the VEAP option.

Senator INOUE. So it would have an effect upon recruiting.

MCPO HAGAN. I think the other question is, how much, and how many factors it would be in combination with; yes, sir.

Sergeant OVERSTREET. I think, too, it would have an effect on recruiting as well. I think we would still get the number of people that we have, and the folks that are in the Marine Corps are going to stay, not particularly for those benefits, but because of who they are and what they do.

I think they are probably going to perceive that as being a little unfair, particularly for those who have to go to Desert Storm, Desert Shield, Bosnia, Somalia, and other places that we go. Their folks at least are going to say, "Why do you want to leave middle-town, America, when you can stay right here and get all the benefits as you could if you go in the military?" I think that is the perception, sir.

Sergeant PFINGSTON. I think it would have a definite impact. In my personal opinion, sir, I think it is a better deal because of all the other uncertainties we are living with. We do not know about the compensation. We have covered that this morning. We do not know whether people could stay. How many thousands are we going to have to get rid of next year or the year after that? Whether if the people decide to have families, are they going to have adequate medical care for their family?

So when you figure all those other issues and the fact that they do not have to put up with all of that, they can stay at home and get this education with national service, in my view in some places they will have a better deal. So I think it would have a definite impact; yes, sir.

#### HEALTH SERVICES

Senator INOUE. I just want to ask general questions on certain programs. Are you satisfied with the health delivery services?

Sergeant KIDD. The health delivery services?

Senator INOUE. Hospitals, doctors, clinics.

Sergeant KIDD. The services that we had provided for the needs of our soldiers and family members, but that has steadily eroded. At the present time, that is a major concern of soldiers and family members, because little by little they are losing that, on a daily basis, and being required to go out and depend more on CHAMPUS, and CHAMPUS is much more costly. So the direction that we are going in, I would have to say that, no, sir, I am not satisfied with it, for our soldiers anyway.

Senator INOUE. And you?

MCPO HAGEN. I would echo the sergeant major's comments and only add that our better CHAMPUS options—as you may know, sir, our Navy medical has HMO's set up all over the country that dovetail in with what the geography has to offer. And the best of those, I have to tell you, sir, that I am satisfied we meet the needs of the majority, the overwhelming majority of the sailors in those areas. Where straight CHAMPUS is all that there is, it is inadequate, and we are all worried about what direction Navy medicine will go when the fence currently protecting it from the drawdown is removed.

Sergeant OVERSTREET. Sir, I believe the medical care that we receive, if you are able to get in and get it, is quality care. I certainly believe that, with the men and women who administer that. As the drawdown goes, it seems like over the last several years we have less and less providers, as in hospitals, doctors, corpsmen, and those kinds of folks, which has forced us to go out to other means.

Most Marine Corps families I know of today have some kind of CHAMPUS supplement. Once again, to coattail on what the Sergeant Major of the Army said a while ago, we are now having to



provide that out of our own pocket once again. And I think any Marine family who did not have that could be in deep kimishi if they had a medical catastrophe within the family.

Sergeant PFINGSTON. Quality; yes, sir. In my mind it does not get any better than the quality of our military medical providers. The rest of it, "No." I am really not satisfied. The accessibility that we talked about earlier becoming nonexistent.

I think it is also a compensation issue. We are going to CHAMPUS. Now we are suggesting people have supplemental insurance, CHAMPUS supplemental insurance that is provided by tens of thousands of different companies, but that is another cost issue. That is more drain out of the pocket with no additional input into the wallet.

The budget shortfalls that we are suffering right now, as you are well aware of, and the fact that some of that same budget is being used in other areas is not helping us. So we are having to look at alternatives and limiting over-the-counter drugs and so forth. And that is a very tough thing to explain to the young airman, why we are having to do those kind of things.

#### CHILD CARE

Senator INOUE. Are you satisfied with the child care program that we have?

Sergeant PFINGSTON. Sir, I am extremely satisfied with child care in the Air Force and the family support centers in the Air Force, and even the family advocacy programs in the Air Force. And thanks to you, we have been able to start a lot of things. We have now been able to get some permanent funding or give funding to some permanent billets. We have been able to start and establish some standards for family advocacy and do some prevention training. We've brought on community health nurses, which is an incredible step forward and I think probably a precedent setter in the Air Force. As a result of the funding, we are starting a research process now.

Senator INOUE. The Air Force may be experiencing good statistics, but overall in the Department spousal abuse has gone up.

Sergeant PFINGSTON. Yes, sir.

Senator INOUE. What about child care?

Sergeant OVERSTREET. Sir, right now we have about 10,000 child care spaces for Marine Corps children. We need about 30,000. We are about one-third of the way. However, it does not look like we are going to get any moneys to do that. That simply means it is going to come out of operating funds, it is going to come out of other cost accounts, to establish the child care that we desperately need. So I would suggest to you, sir, that the Marine Corps has about one-third of what we need.

As far as the programs go, the programs are really good. And this year we are going through a safety—extensive safety program with lead-based paint in the child care centers, and doing all those things to make sure that we are providing the quality of child care that we should be. But I think we have got about one-third in there.

Senator INOUE. Master Chief.

MCPO HAGEN. Sir, the CNO's goal, as you may know, is to double the number of spaces by 1996. We currently have a little under 20,000 spaces in child development centers and we believe we need 40,000. Of a concern to the sailor, whether he or she has children or not, is that we use nonappropriated fund money that does not seem to most of us to be an appropriate use of that money. And we have a goal to phase that out.

We have a very innovative in-home care program that we are pleased with and I think we are going in the right direction. We, too, are worried about the funding shortfalls that are projected.

If I could add on the—you mentioned the increase in spouse abuse. Maybe why—not to dispute that in any way, but to quantify it as an increase in reporting because our Family Advocacy Program has become so effective and our senior enlisted network plugged into it. I do not personally believe there is an increase in actual abuse.

Senator INOUE. You may be correct. The reporting may have improved.

#### FAMILY ADVOCACY

MCPO HAGEN. And following the reporting, our Family Advocacy Program at that end of the spectrum of family advocacy, I am very pleased with how we are doing. And the fence around that money is probably the reason that we are doing that well, sir.

Sergeant KIDD. Well, sir, the child development centers, to echo my compatriots there, the quality is good. The numbers at the present time and our present facilities do not meet the demand of the Army. As we downsize, that will possibly be offset.

Some of the other things that are affecting our child development centers—for example in Europe right now—is the turmoil that you have there. Where we had a child development center in one location, we have had to compress and compact so that soldiers are now further from the child development centers. Additionally, the people who were working in the child development centers are rotating with their soldier member. So we are having a problem manning those particular facilities.

And then, of course, as we compress, we are, in fact, trying to fill those installations that remain to their fullest capacity. In many cases in the past they were not that large, so that may take some additional construction to make them meet the needs of the Army.

Senator INOUE. Thank you.

Senator Domenici.

#### BENEFITS

Senator DOMENICI. Thank you, Mr. Chairman. Good morning. I am sorry I was not here sooner. I just want to talk about one area that I have had a little legislative effort in and have had some difficulty in.

I ran into a constituent in my State that opened a whole area of concern to me, and that is 22 years in the military, two children, the soldier is the husband and he gets in trouble for child abuse. And obviously the mother knows a lot about that. Now she is in

this predicament: If she helps make the case, he gets discharged and she gets nothing, because the dishonorable discharge carries with it all the benefits. So the 22-year marriage with all of the vested rights is for naught because the dishonorable discharge disposes of the rights.

Now, I do not have any argument today with the military's approach to what a dishonorable discharge is. I understand it is supposed to be damn severe, right? But it seems to me that this cries out for fixing because, you know, you are putting people in a catch-22. Why would they go help make the case and lose the benefits? In fact, we think we know that some are fully aware of this and put up with more abuse than they should because at least they are being taken care of.

Now, we did try to fix this and we got so much guff from the military—not you, but others who thought our legislation was the end of the world—that we narrowed it to abuse and 20 years of service. So we did not try to solve a whole bunch of other problems.

We passed that, but now we have another problem because it takes a long time for the dishonorable to get finalized, right? So we are in the first 3 or 4 months of a year-long appeal, and so here sits a woman in New Mexico with two children getting nothing by way of benefits because essentially, on the one hand, he has been dishonorably discharged, but on the other hand he has appealed it. So even my little corrective statute does not come into effect. We will fix that soon.

But I would like to ask you, do any of you have any experience along these lines that you might share with this committee? Either spousal or child abuse and the effect on that family of the dishonorable discharge that might follow from that conduct. Do you know of cases where people are not following through with the testimony because they are going to lose benefits? Are you aware of the beneficiaries coming out of this on the short end that I think none of us would want to happen?

MCPO HAGEN. Sir, I am familiar with several cases, some very recent, all sexual abuse of children or stepchildren. In some of those cases, I can tell you that the Navy made a very satisfactory resolution. As you know, we centrally monitor child sex abuse by our Pers-6 people, and in one case the member was busted from E-9, master chief, to E-7, and served 1 year at hard labor and returned for one-quarter of active duty so that he retired with benefits to share with his family. And I am certain that his family was the reason that the sentence went that direction.

We do not have consistency there, though. In a most recent case a member was reduced to E-1 and is serving 15 years in the brig. It is of concern and I have been working at the highest level in the Navy with that.

It causes us other problems too, sir. At the present time we are selecting for early retirement members who have served faithfully with no problems ever, and we are retaining personnel who are being treated for these sort of offenses, some who have been found not amenable for treatment. There are privacy considerations and the consideration that you have raised is the prime one that keeps us from singling those out and putting them at the head of the list

and saying get the rest of your treatment in the civilian world. We have worldwide assignable people that we need to keep.

So we are sensitive to it, we are working hard with it, and I would be happy to get further into it and work with your staff because I have some very firm thoughts on this subject.

Senator DOMENICI. We appreciate that and we will call on you. We are going to actually introduce a reform measure to try to help you with these problems and change the rules so that you have a little more flexibility. We do not accept current circumstances where if you go testify and help make the case that you end up getting nothing because the dishonorable is granted.

I mean the U.S. Senate had no knowledge this was going on. I mean, frankly, this is one where constituent work taught me. I mean I have raised it on the floor, and Senators came out of the woodwork to get on the bill. They did not know that we had that in existence. So I am very interested now to try to solve the problem, not just taking care of that one lady that I know about in New Mexico. That will get fixed sooner or later. But you need a lot more latitude in this whole area, it seems to me, in terms of these rights. Would you all not agree with that, to fix this?

MCPO HAGEN. Yes.

Sergeant PFINGSTON. Yes.

Sergeant OVERSTREET. Yes.

Sergeant KIDD. Yes.

Senator DOMENICI. Thanks, Mr. Chairman, and I hope you can help me with this.

Senator INOUE. You can count on it.

Well, gentlemen, I thank you very much for your candor. Believe me, you have been extremely helpful. I am certain you will see when the results are handed out from this committee, that many of your suggestions will be implemented. That you can count on.

Sergeant OVERSTREET. Thank you very much.

MCPO HAGEN. Thank you, sir.

#### ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

#### SUBCOMMITTEE RECESS

Senator INOUE. This subcommittee will stand in recess until May 18, at 2:30 p.m.. At that time we will meet in S-407 to receive testimony on classified programs.

[Whereupon, at 11:50 a.m., Thursday, May 13, the subcommittee was recessed, to reconvene at 2:30 p.m., Tuesday, May 18.]

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